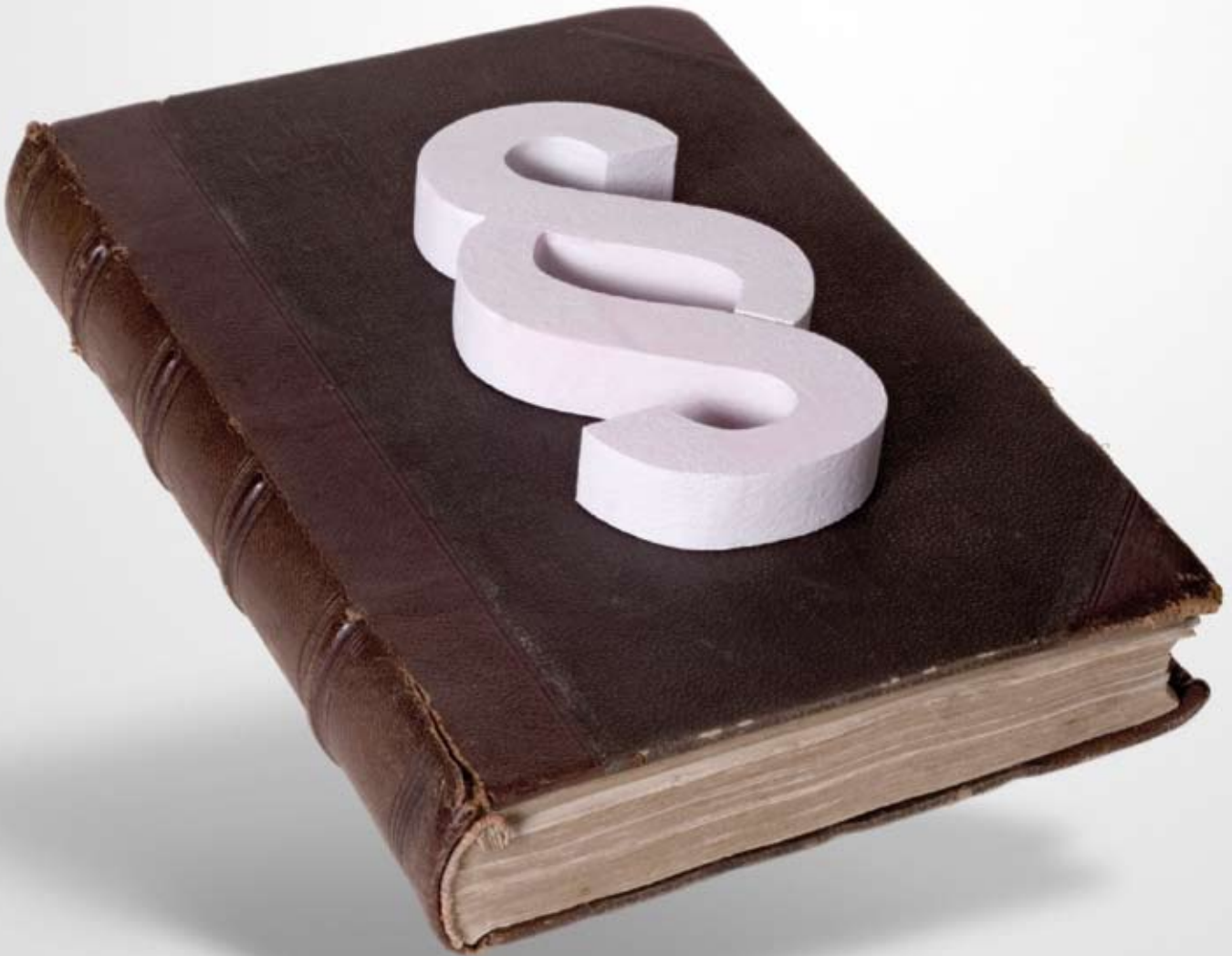




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Information about Eastern and Central Europe

# ostnews



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## Russia introduces road tax for lorries from the EU

Since 1 February 2009 vehicles of a cargo capacity of more than 3,5t are subjected to a new road tax in Russia. This is 385,- Rouble (€ 8,5) a day, 1154,- Rouble (€ 25,-) per week, 5.000,- Rouble (€ 110,-) per month and 60.000,- Rouble (€ 1.310,-) per year.

The EU-Commission considers this road tax discriminating as it only affects the 27 EU-countries, Switzerland and Turkmenistan. These are all countries in which Russian freight carriers are also subject to contributing to road maintenance. The EU cannot take any legal action against Russia because this country is no member of the World Trade Organisation WTO.

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# Declining confidence of investors in Russia

Due to the international financial and economic crisis foreign CEE-investors are now much more pessimistic for the future than before.

**According to the “Thomson Reuters & OeKB CEE Business Climate Index” the loss of confidence in the Russian economy already started when the financial crisis began. The country’s strong dependence on the oil industry is considered the reason for the growing pessimism. In the past the revenues from the oil industry were an essential growth driver.**

Now the decline of the oil price reveals the negative aspects of this dependency. Among the 400 policy-makers who direct their CEE-participations from Austria and who were interviewed for the survey for the first time the number of those considering the business cycle negative was larger at the end of 2008 than that of the ones considering it positive. Most optimistic business confidence still prevailed for Russia in July 2008. At that time the country was mentioned the second most frequent target destination for investments. It now ranks 7th due to the economic and financial crisis. The Business Climate Index reveals that only eight of the 110 new investment projects for CEE shall be realized in Russia.

Credit insurer Prisma points out that estimating the country-specific risks gets more and more important with an economic situation which gets more and more difficult. They also consider the situation in Russia especially precarious. Contrary to many of the other CEE countries Russia has so far not been degraded but its economic situation remains tight. Rated “C”, the country holds the second worst position on the insurer’s six-point scale. Due to the present development a country’s risk rating can quickly change, which plays an especially important part for Austrian exporters on financing or insuring their exports. After several years of growing strongly Russia’s economic growth is expected to slow down significantly this year. An economic growth rate of 1,5 per cent is expected for 2009. In the last quarter of 2008 the industrial production abruptly collapsed. “The recession was accompanied by a plunge of shares of listed companies and a devaluation of the Rouble”, Bettina Selden, executive director of Prisma Kreditversicherung, explains.

The international rating agency Fitch also paints a gloomy picture of the Russian economy. The country faces more and more difficulties because



Photo: Image Source

The recent decline of the oil price clearly reveals how much Russia economically depends on the oil industry.

of the declining prices for raw materials and the capital flight of foreign investors. Edward Parker from Fitch analyzed that the amount of transferred money and the fast declining exchange reserves put additional strain on the country. According to Fitch more than USD 90 billion (€ 71,25 billion) were transferred by investors just during the last quarter of 2008. Within six months the Rouble’s value in relation to the Dollar has dropped by more than one third. The central bank keeps backing the currency to avoid an uncontrolled crash.

A study presented by the market research company GfK in February 2009 sees the situation different. According to GfK Russia will be the second most attractive market in Eastern Europe, ranking just behind Romania, in the next two to five years. Presently only 11 per cent of the companies consider Russia the most attractive market for direct foreign investments. The CEE countries are “the natural markets for Austrian companies which there is no way round”, as Rudolf Bretschneider sums up the study which represents the estimates of 100 Austrian managers who have already invested in Eastern Europe.

”

**The recession was accompanied by a plunge of shares of listed companies and a devaluation of the Rouble.**

Bettina Selden, executive director of Prisma Kreditversicherung

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## Croatia: amendments in force since January 1.

New regulations concern opening and closing times for shops, information about bank customers and the personal number.

**On 1 January 2009 several amendments entered into force in Croatia, which also concern companies.**

The Austrian Federal Economic Chamber outlined the most important changes concerning the personal number, the regulations on money laundering and the opening and closing times for shops. According to these changes now every Croatian citizen and every enterprise registered in Croatia receive a so-called OIB (Osobni identifikacijski broj), a personal eleven-digit identification number. This is composed of randomized numbers and no more of the date of birth. This is expected to guarantee more privacy and data security at the same time. In future this OIB will be used as sole identification by authorities (tax payer's account number, etc).

Due to the new money laundering regulations banks are now liable to collect data about a future customer by means of the new customer information form before entering into business. This is done to fight money laundering and financing terrorism. All data collected are subjected to banker's discretion and must not be passed on to a third party.

One of the most important changes refers to the shop opening hours. On Sundays and bank holidays only petrol stations, kiosks, bakeries and smaller shops within airports, railway stations, transit points and ports may be kept open. Larger shops and supermarkets may only open from 7 to 2p.m. between June 1 and October 1, before Christmas and in December respectively.

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### Slovenia: measures to stimulate economy

The Austrian Federal Economic Chamber reports that Slovenia has changed its corporation law.

The new law entered into force on January 14. Legal entities and sole proprietors can, from 2008 on, retroactively claim an investment incentive of 30 per cent of the amount they invested in material and immaterial capital assets. While there is no limit for sole proprietors, the tax allowance may not exceed € 30.000,- for legal entities and cannot be higher than their tax basis.

This measure shall stimulate the Slovenian economy.

## Belarus stops prepayments

The National Bank of Belarus enacts a stop on prepayments to control and minimize foreign exchange efflux.

**The latest regulation of the National Bank of Belarus affects imports into Belarus in so far that it forbids prepayments to foreign suppliers for already existing as well as for future supply contracts.**

Transacting a prepayment can only be an exception and requires the presentation of several documents and the recommendation by the Council of Ministers of Belarus. Foreign trade agreements which have already been concluded must be adjusted correspondingly so that the terms of payment conform to the new regulation.

The Austrian Federal Economic Chamber recommends Austrian suppliers to demand a letter of credit or a bank guarantee before delivery.



Photo: Image Source

Belarus takes measures against foreign exchange efflux.

### BiH: Corridor Vc will be expanded further

The A1-highway is a projected motorway across Bosnia-Herzegovina of which only short parts have already been completed. In future the motorway Zenica – Sarajevo – Mostar will connect the northern border of Bosnia-Herzegovina with the Adriatic coast and will be part of the Pan-European Corridor Vc. This will lead from Budapest to southern Dalmatia. In the north and in the south the A1 will be directly connected to the Croatian motorway network (A5 and A10). After completion the whole motorway network will comprise 397km.



Construction has been scheduled to take till 2017. The reason for this long period is the country's difficult topography. The numbers of tunnels and bridges will be exceptionally high. The longest of the 13 tunnels of the project will be the Prenj tunnel, measuring 6,5 km. Milorad Dodik, Prime Minister of Bosnia-Herzegovina, considers the extension of the motorway network an important stimulus for the economic development. The construction of the motorway shall create some 5.000 jobs. The Government of the Republika Srpska recently announced that later on 2.500 people would be employed for maintaining the new motorway.

## New tax convention with Bosnia-Herzegovina

Important step for intensifying the economic relationship between Austria and Bosnia-Herzegovina.

**In December 2008 Austria signed a Double Taxation Convention (DTC) with Bosnia-Herzegovina. Experts expect it to enter into force after its ratification by the two parliaments, at the earliest on 1 January 2010. Austria's economy is one of the largest direct investors in this Balkan State. Compared with other states of the region, such as Serbia or Croatia, the country still lags behind. This is mostly due to its difficult political situation.**

The convention aims at avoiding double taxation of incomes of natural and legal persons of both countries. Among other details it stipulates which state is competent for levying taxes on business profits, properties or incomes of natural persons. According to this convention profits of an Austrian company with a permanent Bosnian establishment are assessed in Bosnia-Herzegovina, if they can be assigned to this permanent establishment. The DTC defines branches, works or factories as permanent establishments. Building or erection work only comes under this regulation if taking more than twelve months.

Last year € 151 million of Austrian capital were invested in Bosnia-Herzegovina, which is about the level of 2007. In 2008 foreign direct investors invested about € 700 million in the country's economy, which is less than half the amount of 2007. But in 2007 the Bosnian-Serbian telecommunications carrier Telecom Srpske was sold to the Serbian Telecom for € 640 million. Almost half of the investments went into the production sector, a quarter into trade and 13 per cent into the service sector.

Among other things the motorway construction is considered a possible economic impulse. At the end of 2008 the Austrian building concern Strabag fixed a building order worth about € 2,9 billion for the Serbian part of the country. It comprises the construction of a motorway network with a total length of 397 km which will also be operated by the building company for 30 years. The construction work shall already begin in the middle of 2009.

According to the recent Quarterly Report for Eastern Europe of the Italian UniCredit Bank Bosnia's economy grew by 5,8 per cent last year. This year, due to the international economic crisis, the economy is expected to grow much more slowly – only by 2,5 per cent.

ly – only by 2,5 per cent.

Even more than 13 years after the end of the war in Bosnia (1992-95) the country's national structure is one of the most important political controversial subjects. Many observers consider the difficult present construction a stumbling block for the country's political and economic development.

Basically the country is structured in two parts, so-called entities. The majority of inhabitants of the Federation Bosnia-Herzegovina are Bosnians and Croats, who inhabit 51 per cent of the country's territory, while the Republika Srpska is inhabited by a majority of Bosnian Serbs. As no agreement over the town Brcko could be achieved after the war, the town was defined a separate "district" and was placed under the control of the state Bosnia-Herzegovina.

Further political development is concentrated in the hands of the two entities, but all-state reforms require the consensus of the two entities on the one hand and that of the three ethnic groups – Bosnians, Serbs and Croats – on the other. Important political functions are filled according to a national distribution code.



**Bosnia-Herzegovina consists of two constituent republics: the Republika Srpska with 49 per cent and the Federation of Bosnia and Herzegovina with 51 per cent of the territory.**

From the Dayton-Paris Agreement, 1995; source: Wikipedia

# Serbia abolishes customs dues on

Thus Serbia makes the first move in direction of its future EU-accession.



Serbia is on its way to liberalize the goods traffic with the EU.

About a year ago the EU negotiated a so-called stabilisation and association agreement (SAA) with Serbia which enters into force step by step. The agreement has not entered into force yet because of political opposition of the Netherlands, which demand that Serbia extradites more war criminals to the International Court of Justice in The Hague. Together with the SAA the EU stipulated an economic interim agreement with Serbia which has been applied by Belgrade unilaterally since 1 February.

The provisional trade agreement aims at liberalizing the goods traffic with the EU. Since the beginning of February some 48 per cent of the industrial products of the EU are no longer subjected to customs dues. Till the end of January duties of an average 1,85 per cent were charged. Furthermore some 53 per cent of textile products have been exempted from customs duties.

In addition to this the Serbian customs law defines three groups of products: sensitive – very sensitive and highly sensitive goods, for which the payment of customs duties is annually reduced. The complete customs exemption will follow within three to six years, depending on the group the goods belong to. The first group (sensitive) comprises, among others, goods of the wood-, metal-,

electric- and chemical industries. Customs duties on these products shall be completely abolished till 2011, while those on highly sensitive goods will be completely abolished in six years.

Serbian customs authorities point out that importing goods from the EU is not sufficient for claiming preferential customs treatment. The EU-origin of the goods must be proved. According to the foreign trade department (AWO) of the Austrian Federal Economic Chamber this can be done by means of a EUR1-certificate issued after 30 January 2009.



**Serbia's strategic aim is to join the EU while preserving sovereignty and territorial integrity at the same time.**

Boris Tadic, President of Serbia

## Serbia: less economic growth expected

First effects of the stabilization and association agreement between Serbia and the EU (see article on the left) may already be felt by the Serbian population. Apart from a number of other customs duties those on cars imported from the EU have been cut by 50 per cent by this interim agreement.

Serbia's government hopes that this agreement will not only result in a reduction of prices for EU-products but also lead to a production input for the country's economy which has also got under pressure due to the difficult situation worldwide.

In its recent report on the region ("CEE Quarterly") the Italian parent company of Bank Austria, UniCredit, expects the Serbian economy to grow by only 1 per cent this year. Last year the GDP's growth rate of 5,5 per cent was significantly higher.

According to Serbian authorities the country's foreign trade deficit grew by 15,2 per cent (€ 8,2 billion) last year. Imports grew by 15,3 per cent, reaching € 15,6 billion, while exports grew by 15,5 per cent, reaching € 7,4 billion. In 2008 more than half of Serbia's exports went to EU-countries.



Foto: apa - Austria Press Agency

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# Supply chain security – what's the point?

The USA keep tightening safety precautions and the European Union follows suit.

The package of measures for a secure supply chain rests on three central pillars: approved traders (AEO – authorized economic operator), the summary declaration, and the EORI-code. All these measures concern the traffic of goods from or to the EU. Switzerland is part of this system.

On 1 January 2008 the EU introduced the status of "AEO - authorized economic operator", who can be granted facilities in security-relevant customs controls and / or simplifications in accordance with the customs regulations.

1 July 2009 will bring about the EORI-code (economic operator registration and identification). Every company wanting to export goods from or import goods into the EU must present this customs number. In Austria the EORI-code can be applied for at the competent customs authority.

The summary declaration is the third pillar of this security concept. A summary declaration must be submitted for goods which are imported into or exported from the EU-customs territory.



No new safety measures for bilateral goods traffic between Switzerland and the EU.

(24 hours before loading for maritime traffic; for ground traffic one hour and for air traffic 30 minutes before departure). It had been planned to introduce summary declaration this year but it is expected to be postponed to the 31 December 2010. The reason is that not all countries involved have already been integrated in the electronic network. Switzerland and the EU both accept each other's safety standards as equal. Concerning safety regulations for goods traffic Switzerland is placed on the same level as the EU-area.

## New traffic rules in Slovakia

On 1 February 2009 several changes concerning traffic rules entered into force.

**Compulsory use of winter tyres, a ban on passing for lorries of more than 7,5 tons, compulsory use of lights and new speed limits – these are the new Slovakian traffic regulations valid since 1 February 2009.**

As described on the homepage of the Slovakian Ministry of the Interior, there are a number of changes concerning traffic regulations which have already entered into force. They provide a general ban on overtaking other vehicles for all vehicles of more than 7,5t on motorways and dual carriageways.

Furthermore using winter tyres will be compulsory between November 15 and March 31

regardless of prevailing weather conditions. Thus all vehicles up to 3,5t must be equipped with snow tyres. Heavier ones must be equipped with snow tyres at least on the driving axle.

New speed limits have also been set up. The maximum speed in urban areas is now 50 km/h. Drivers of vehicles of more than 3,5t have to observe a speed limit of 90km/h outside urban areas.

The compulsory use of lights which has been extended from the winter term to all year is also new.

# GW and Hellmann combine their competences

Gebrüder Weiss run the ground traffics and logistics businesses of Hellmann Worldwide Logistics in the Czech Republic since January 1.



Now Gebrüder Weiss run all ground traffics and logistics businesses for Hellmann Worldwide Logistics in the Czech Republic.

**Last year the cooperation between Hellmann and Gebrüder Weiss was intensified again. Parallel land and logistics activities in the Czech Republic have been placed in the care of GW. Thus synergies can be used and a more efficient positioning on the market can be achieved.**

The necessary contracts were signed in Prague on December 3. "We significantly strengthen our position on the Czech market by this takeover and at the same time Hellmann and Gebrüder Weiss stress their intention of an efficient strategic partnership", Wolfgang Niesner, managing director of Gebrüder Weiss, explains.

The technical integration of the Czech branch offices of Hellmann is started directly. "Our partnership of more than 30 years convinces me that the extended cooperation of our two companies will have a positive influence on the traditional service quality", Karl Engelhard, fully authorized representative of Hellmann Worldwide Logistics, says. "Air and sea freight remain part of the worldwide network of Hellmann and will also be offered by Hellmann Worldwide in the Czech Republic in future", he explains.

The two enterprises (Hellmann and Gebrüder Weiss) are two of the largest transport and logistics companies on the European LCL market and

founder members of the System Alliance Europe (SAE). Last July Hellmann and GW already extended their cooperation to Southern and Eastern Europe and in October 2008 they extended it to the location Rüsselsheim/Frankfurt on Main.

Founded in 1871, today Hellmann Worldwide Logistics is a leading global logistics provider. The worldwide network employing 16.500 people runs 443 offices in 157 countries. The range of services comprises classical logistic services by lorry, rail, air and sea as well as a complex range of KEP-services, supply chain management and special solutions for branches and IT. In 2007 Hellmann achieved with 8.556 employees a turnover of € 2,8 billion.

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DR: Diplomatic Representation in Austria  
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## tectraxx takes over MCL Service GmbH

At the beginning of this year the MCL Unterhaltungselektronik Service GmbH was incorporated in the Gebrüder Weiss concern. Thus GW continues its activities in the service sector of the business unit tectraxx. In the past the company's repair service only concentrated on mobile phones and SAT-receivers, with this take-over tectraxx now extends its competences to consumer electronics.

For further information:  
[www.tectraxx.com](http://www.tectraxx.com)

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