



South East Europe Investment Committee

3rd Meeting
of the
Working Group on
Investment Promotion



DEVELOPING AND PROMOTING THE AUTOMOTIVE INDUSTRY IN THE WESTERN BALKANS



With the financial
support of:



The European Union

and



The Ministry
of
Foreign Affairs
of the
Czech Republic

Belgrade

Hotel Zira

19 June 2009

BACKGROUND

In the framework of the project *Defining and Strengthening Sector Specific Sources of Competitiveness (SSSC)*, the OECD carried out a thorough analysis of the economics of the automotive component sector in the Western Balkans, as well as of the policy barriers that are preventing local companies from growing and that need to be lifted in order to unleash their potential. One of the main results of the analysis is that the main challenge for the Western Balkans is to move out of the “cost trap” and respond to the requirements of Original Equipment Manufacturers (OEMs) and first tier suppliers with respect to design and the development of components. Strong and sustainable collaboration with customers can only be achieved if suppliers are able to show that they can meet specific requirements in terms of quality standards, innovation, design and development capabilities and supply chain management. To meet these requirements, Western Balkans suppliers will need to focus in particular on three elements:

- Improve information on the advantages for OEMs to collaborate with Western Balkans suppliers
- Further develop skills
- Enhance collaborative innovation efforts between foreign and local companies as well as research centres and academia.

The first action of Western Balkans economies in the short term should be to improve the quality of information available on their automotive component suppliers. This involves assessing the tools and modalities used by OEMs and first tier suppliers/system integrators to find potential suppliers and purchase their components and modules. It also entails assessing the extent to which automotive component suppliers in the Western Balkans have the necessary informative material in place (e.g. an interactive database, access to e-auctions) to raise awareness of their capabilities and the extent to which they are included in instruments used by international customers to purchase components.

OBJECTIVES AND RATIONALE OF THE WORKING GROUP

The overall objective of this event will be to provide a forum for public-private dialogue on how to overcome a number of market, information and regulatory barriers in the automotive industry in the Western Balkans.

Given the current environment, discussions will focus on the impact of the global financial and economic crisis on the future prospects for the automotive industry in the region and the strategic and on corporate and government responses to the crisis. The final outcome of the meeting should be an agreement among the key stakeholders on an action plan with a number of initiatives that will contribute to the development and promotion of the regional industry.

The rationale for the OECD to work with the governments and automotive private sector stakeholders in the Western Balkans is twofold:

- Bring under the umbrella of regional co-operation the various initiatives implemented at individual country level, thus increasing the positioning of the Western Balkans as a single and attractive automotive market to potential investors and customers
- Reinforce and complement existing initiatives drawing from the experience of successful investment promotion tools specific to the automotive industry developed in OECD member countries.

POTENTIAL OUTPUTS

The following potential outputs will be discussed by the participants:

- Design of a web portal promoting the branding of the regional market for automotive components;
- Creation of a regional interactive supplier database linked to the web portal;
- Launch of an automotive business network bringing together local automotive suppliers from the Western Balkans.

Agenda

08:30-
09:00

REGISTRATION AND WELCOME COFFEE

09:00-
09:30

WELCOME AND OPENING REMARKS

Mr. Igor Brkanovic, Assistant Minister, Ministry of Economy and Regional Development of Serbia

Mr. Anthony O'Sullivan, Head of Division, OECD

Mr. Benjamin Herzberg, Senior Private Sector Development Specialist, Investment Generation Vienna, FIAS, World Bank Group

09:30-
10:45

SESSION I: THE FINANCIAL AND ECONOMIC CRISIS: IMPACT ON THE AUTOMOTIVE INDUSTRY AT THE GLOBAL LEVEL AND IN THE WESTERN BALKANS

1. Key trends in the global automotive industry
 - Mr. Roel Spee, Global Leader, IBM-Plant Location International
2. FIAS/IFC experience in the regional automotive sector and future outlook
 - Mr. Zoran Martinovski, IFC Country Officer, FYR Macedonia
 - Mr. Stefan J. Schweitzer - Senior Industry Specialist, IFC - Global Manufacturing and Services
3. Q & A and discussion

10:45-
11:00

COFFEE BREAK

11:00-
13:15

SESSION II: THE AUTOMOTIVE INDUSTRY AND THE CRISIS: STRATEGIC AND POLICY RESPONSES

1. Automotive corporate strategies in response to the crisis
 - Mr. Giovanni De Filippis, Purchasing Director, Fiat
 - Mr. István Lepsényi, Managing Director, Knorr-Bremse Fékrendszerek Kft.
 - Mr. Andrej Cikel, Manager Strategic Sourcing Eastern Europe, Magna International Europe
 - Mr. Micheal English, Consultant, Johnson Matthey PLC

2. A key solution for SMEs: partnership with foreign companies

- Mr. Frédéric Laloyeau, Automotive Consultant

3. Policy responses to support the automotive industry

- Ms. Andreea Gheorge, Counselor, Romanian Agency for Foreign Investment
- Mr. Julian Balchev, Head of Division "Investment analysis and statistics", Invest Bulgaria Agency

4. Q & A and discussion

13:15-
14:15

LUNCH

14:15-
16:45

SESSION III: HOW TO DEVELOP AND PROMOTE THE AUTOMOTIVE INDUSTRY IN THE WESTERN BALKANS

1. Overview of proposed actions to develop the automotive industry in the Western Balkans (OECD)
2. Presentation of individual initiatives (Mr. Kruno Rasic, Automotive Cluster Bosnia and Herzegovina; Mr. Branko Mihalic, Automotive Cluster of Croatia; Mr. Vladimir Tevdov, Automotive Cluster Macedonia; Mr. Igor Vijatov, Manager, Automotive Cluster Serbia)
3. Western Balkans Automotive Supplier Industry Excellence Centre
 - Mr. Predrag Lucic, Director, CCI Kragujevac, Agency for Investment Promotion and Business Support in Central Serbia
4. Panel discussion among IPA representatives, clusters managers and local suppliers

16:45-
17:15

CONCLUSIONS AND NEXT STEPS

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