

## **The Port of Koper: Free Trade Zone and Logistics Hub in the Heart of Europe**

by Jennifer Gothard, CEEBIC

### **What is a Free Trade Zone?**

A free trade zone is a specially designated area within a country that is generally considered to be outside of customs territory for the purpose of duties and taxes. There are several benefits for operators in the free trade zone, including business incentives that reduce storage costs, customs duties, and various taxes. Products that enter a free trade zone are not subject to customs duties and taxes until they exit the zone. If goods are shipped from the free trade zone to a foreign country, the products are exempt from customs duties and taxes. A free trade zone can be extremely advantageous for companies that import components into the zone and then assemble and export manufactured products. Goods stored in a free trade zone are not subject to time limits, a condition that enables companies to decrease their costs while their goods are in storage. Free trade zones offer a wide array of value-added services to companies that operate within them such as sorting, labeling, weighing, packaging, cleaning, polishing, disinfecting, and fumigation.

### **Why Koper?**

In Slovenia, the Port of Koper offers a free trade zone and acts as a logistics hub with worldwide links. The port is located on the northern coast of the Adriatic Sea. It has been in operation for 45 years. The port has rail, maritime, and highway

connections to destinations throughout Europe to reach a market of more than 400 million people. In 2001, 9,353,991 metric tons of maritime cargo passed through the port. Two thirds of this cargo was destined for other countries. The port's trading partners include Austria, Bosnia-Herzegovina, Croatia, the Czech Republic, FR Yugoslavia, Germany, Hungary, Italy, Poland, and Slovakia. The Port of Koper is strategically located with railway and highway links that are considerably shorter than

### **Distances from the Port of Koper to Major European Cities**

94 miles to Ljubljana, Slovenia  
297 miles to Milan, Italy  
186 miles to Zagreb, Croatia  
463 miles to Belgrade, FR Yugoslavia  
390 miles to Budapest, Hungary  
460 miles to Zurich, Switzerland  
365 miles to Vienna, Austria  
417 miles to Bratislava, Slovakia  
329 miles to Munich, Germany  
580 miles to Prague, Czech Republic

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# Eye on Southeast Europe

## Export Opportunities for U.S. Companies: Catalog Shows in FYR Macedonia

FYR Macedonia is a long under-served U.S. export market. To encourage U.S. exports, the U.S. embassy in Skopje, FYR Macedonia, and the American Chamber of Commerce in Macedonia are pleased to announce two **American Catalog Shows in FYR Macedonia**. Each catalog show is a cost-effective way for U.S. companies to advertise their products to Macedonian companies, by sending company materials that will be displayed at a booth manned by U.S. embassy staff. Both catalog shows are funded by the U.S. State Department; there will be no cost to participating companies other than expenses associated with mailing catalogs to the embassy.

The first catalog show will take place on **October 1-5, 2002** and will focus on three product sectors: **agricultural machinery and equipment, meat and dairy equipment, and veterinary equipment and supplies**. Materials should be received by the U.S. Embassy Skopje by **September 20, 2002**.

The second catalog show will take place on **October 22-27, 2002** and will focus on three product sectors: **electronic equipment and supplies, construction equipment, and metal production equipment**. Materials should be received by the U.S. Embassy Skopje by **October 11, 2002**.

The **agricultural industry** in FYR Macedonia has significant resources dedicated to agricultural production. FYR Macedonia needs new agricultural machinery and equipment, meat and dairy equipment, and veterinary equipment and supplies to expand the quality and quantity of its production. The Agency for the Development of Agriculture in FYR Macedonia is promoting the introduction of new agricultural technologies and products. Agriculture accounts for 17 to 21 percent of gross national product; agricultural production and the food processing industry comprise more than 30 percent of gross domestic product. FYR Macedonia exports approximately 20 percent of its agricultural products.

The **electronic industry** comprises about 6 percent of all industry in FYR Macedonia. Imports dominate the Macedonian electronic equipment market. German companies (e.g., Siemens, Dalmar, and Fabel) have the largest share of the market. The **construction industry** has comprised 5 to 8 percent of gross domestic product over the last decade. Macedonian construction companies are versatile and skilled, designing and building roads, civil and military airports, bridges, high-rise buildings, industrial facilities, dams, tunnels, irrigation systems, water supply systems, and waste treatment

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connections from the ports of Rotterdam and Antwerp.

### **Port Facilities**

Kua Koper is the terminal operator for the Port of Koper. The facilities cover 1,600 hectares and include 11 terminals; warehousing, storage, and distribution areas; and a free trade zone. Koper is a multi-purpose port, equipped to handle all types of products. The port offers standard services such as collection, distribution, storage, and re-loading. The port also offers additional services including sorting, labeling, weighing, packaging, cleaning, polishing, disinfecting, fumigation, and ripening. The Port of Koper has special services for automobiles, perishable goods (such as fruits and frozen vegetables), wood products, livestock, mineral products, and bulk liquids. The port includes an open warehouse area of 966,000 square meters and an enclosed warehouse area of 313,000 square meters. The Port of Koper has both ISO 9002 and ISO 14000 certification, reflecting accordance with international service and environmental management standards.

### **Free Trade Zone**

The free trade zone at Koper offers U.S. companies many options that reduce storage costs, customs duties, and other taxes. Goods brought into the zone are not assessed customs duties and taxes, and there is no time limit for goods stored in the zone. U.S. companies do not have to pay customs duties and taxes on goods that are not yet entering the market for resale. Companies are not assessed taxes on the transportation and storage of products. The free trade zone offers tax deductions for investment and job creation. The transfer of partially or fully processed products out of the zone is unlimited.

### **Incentives**

Special exemptions for commercial transactions in the free trade zone have been granted until 2010. The following are the key exemptions and benefits

available to companies operating within the free trade zone: corporate income taxes within the zone are only 10 percent; value-added tax (VAT) is not assessed on production material brought into the free trade zone to be utilized for export production; and a reduction of the corporate income tax base up to 50 percent of the amount invested in the zone.

### **Special Terminals**

Automobiles: The port has a special terminal and staff to handle vehicles for import or export. The equipment includes a 24-hour, high security system. The warehousing space for automobiles includes a six-story parking facility with 3,350 parking slots that is paved, fenced in, and well lit. The port also offers repair services for vehicles that may have been damaged during transportation. Next to this special terminal is a closed warehouse in which spare parts are stored and packed. In 2001, 212,119 metric tons of vehicles passed through the port.

Perishable Goods: The port has extensive experience in handling perishable goods in a special terminal. The terminal and its staff are equipped to handle fruit, vegetables, and chilled and frozen goods. The terminal has computer-controlled warehousing to regulate temperatures, humidity, and air circulation to ensure that the quality of products is maintained. The terminal has 13,000 square meters of space with temperatures ranging from zero to 20 degrees Celsius, as well as 2,000 square meters of space with deep-freezing capacity. This special terminal also offers a banana ripening facility that encompasses 360 square meters.

Timber and Wood Products: The climate in Slovenia creates excellent conditions for storing and naturally drying timber. The port offers services for the re-loading and storing of logs, sawn timber and sawn products; as well as services for artificial drying, sawing, planing, splitting, stacking, sorting, packing, and marking of sawn wood. Large sheltered warehouses that occupy over 50,000

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## Central and Eastern Europe Commercial Opportunities

The Romanian American Enterprise Fund (RAEF) is establishing a mortgage facility (MF) to make mortgage and / or construction loans available to the population in Romania. The main objective of the new mortgage facility is to standardize mortgages gradually, so that the MF can bundle and sell them. The securitization of mortgages is of great interest to international lenders / investors because it creates a lucrative secondary market. RAEF was capitalized with a \$50 million USAID grant to invest in the emerging private sector in Romania and it is almost fully invested. For additional information, please contact [jklipper@deltacap.org](mailto:jklipper@deltacap.org).

The Municipal Council of Cluj-Napoca in western Romania seeks U.S. investor to build a three-level underground parking in the busy downtown area. The project provides for 338 parking spaces during the first construction phase, to be later increased to 790 spaces. The urban space on top of the underground parking features the National Theatre, the Orthodox Cathedral, and the Avram Iancu Square. Commercial spaces spread on 3,500 sqm and will feature a variety of stores, high-end boutiques, art galleries, and service agencies. Construction plans are designed for auto parking; a pedestrian passage; and commercial areas. For additional information, please contact CEEBIC, at [ceebic@ita.doc.gov](mailto:ceebic@ita.doc.gov).

A number of companies in the Cluj County (Western Romania) are looking for import equipment and technology to increase productivity and expand operations: canning technology; stapling and labeling equipment and technology; high performance drier to process dehydrated vegetables and fruit; high volume freezing rooms and freezers; meat processing equipment and technology; slaughter house equipment and technology; milk processing equipment; technology and equipment for the production of glucose, corn flakes, and sweet corn; flour mill technology; flour packing equipment. For additional information, please contact CEEBIC, at [ceebic@ita.doc.gov](mailto:ceebic@ita.doc.gov).

The Romanian National Gas Company ROMGAZ needs to develop a natural gas underground storage facility in eastern Romania. Cost analysis for project implementation, for capacity alternatives between 600 and 2,000 Mcm/year, indicates the investment value could be between \$120 million and \$258 million. Planned term of project performance is 36 months. The U.S. participation will consist of: preparation of execution projects; participation in the financing of the investment; delivering installations and equipment; know-how and technical assistance. Of the total \$258 million project cost, the Romanian contribution will be \$58 million and the foreign participation is expected to be \$200 million. For additional information, please contact CEEBIC, at [ceebic@ita.doc.gov](mailto:ceebic@ita.doc.gov).

The Romanian National Gas Company ROMGAZ is increasing the storage capacity of the natural gas deposit in Bilciuresti, 60 miles west of Bucharest. The current storage capacity of 650 mil. Std.Cm/year will be increased to 1,200 mil.Std.cm/year. The project provides for the execution of the following:

- Two additional compression modules;
- A 400 mm O.D. discharge pipeline of 8.8 km length between the compressor station and deposit at the nominal pressure of 150 bars;
- Adapting the deposit's surface facilities to the new pressure and flow rate conditions (150 bars and 1,200 mil.Std.cm/year respectively);
- Electric power supply for two additional compression modules.

New funds totaling approximately \$26.7 million are needed to reduce project completion time. The U.S. participation is expected to consist of preparation of detail design; sharing the project cost; supply of facilities and equipment; know-how and technical assistance. For additional information, please contact CEEBIC, at [ceebic@ita.doc.gov](mailto:ceebic@ita.doc.gov).

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## **Slovenia** (Continued from page 3)

square meters provide timber storage.

Livestock: A special terminal for livestock is located in a quiet and specially fenced area of the port, near the mouth of the river Rizana. There is an immediate approach to the ship berth from the stables, which allows for the rapid and reliable loading of cattle on to ships. During all re-loading and lodging procedures, the animals are under continuous veterinary control. The port has a storage capacity for 1,300 animals.

Bulk Liquids: The port offers services and facilities for bulk liquids such as chemicals, phosphoric acid, vegetable oil, palm oil, wine and juices, latex, and oil derivatives. The terminal offers 17,000 square meters of storage capacity for chemicals; 7,500 square meters of storage capacity for phosphoric acid; 20,000 square meters of storage capacity for vegetable oil; 5,000 square meters of storage capacity for palm oil; 2,930 square meters of storage capacity for wine; and 1,200 square meters of storage capacity for latex. In 2001, 1,898,091 metric tons of bulk liquid cargo passed through the port.

### **Future Activities of the Port of Koper**

Over the next five years, the Port of Koper is planning extensive projects to expand its capacity and services. These improvements include the construction of an additional pier that will house a new multi-modal terminal for automobiles and containers; a new terminal for iron products; the construction of an additional parking warehouse; and the expansion of facilities at the aluminum terminal and at the grain terminal. Other projects that will impact activities at the Port of Koper are a direct railway connection with Hungary; construction of the Slovenian highway network; and construction of a second railway track on the Divaca-Koper route, which will increase the capacity of the railway connection and, consequently, the rail transportation

of goods to and from the Port of Koper.

### **U.S. companies interested in learning more about the Port of Koper should contact:**

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## **Macedonia** (Continued from page 2)

and purification facilities. Macedonian construction companies also provide expert studies and investment programs, as well as engineering and technical supervision of domestic projects.

The **metal products industry** includes metal processing, machinery production, and production of means of transportation. The metal products industry comprises 5.4 percent of the manufacturing sector.

Interested companies that fit either show's profile should send one or two product catalogs and a video, if possible, to:

Arben Gega  
Commercial Specialist  
FYR Macedonia Catalog Show  
U.S. Department of State  
7120 Skopje Place  
Washington, DC 20521-7120.  
(Please allow 3-4 weeks for delivery)

or to

Arben Gega  
Commercial Specialist  
FYR Macedonia Catalog Show  
U.S. Embassy Skopje  
Bul. Ilinden  
1000 Skopje, FYR Macedonia  
(For regular postal service, please allow 1-2 weeks for delivery, For express delivery service, please allow 3-5 days.)

For additional information about the catalog shows as well as general information about exporting to FYR Macedonia, please visit the Central and Eastern Europe Business Information Center at

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## **Commercial Opportunities**

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The National Company for the Transmission of Natural Gas TRANSGAZ is the technical operator of the National Transmission\* System (NTS) of natural gas on the Romanian territory. The NTS of natural gas comprises over 11,000 km of main pipelines, 6 gas compressor stations for gas transmission, with an installed power of 67,000 HP, approximately 650 metering stations, and over 700 cathodic protection stations. TRANSGAZ proposes to build a Dn24" pipeline, 59.2 km long, as an interconnection to the European Transmission System on the Arad-Nadlac route in western Romania. The purpose of the project is to diversify the natural gas resources from import to Romania, to eliminate the dependence of a sole source; to interconnect the national transmission system to the European gas transmission network; and to optimize the gas flow and provide the security of supply to the

consumers in the west and north-west regions of Romania. The 59.2 km long pipeline with a capacity of 1.5 BCM/year will connect the transmission systems of Romania and Hungary, in the area of Arad, for the in-take of natural gas from Western Europe. Interconnection to the Bulgarian gas transmission system on the Turnu Magurele-Pleven route will be achieved by building a Dn28" pipeline, 4 km long. Potential U.S. participation: develop the execution projects; co-finance the investment; deliver installations and equipment; know-how and technical assistance. Project estimated value: \$26 million, of which \$20 million for the 60 km pipeline and \$6 million for the 4 km pipeline. The U.S. investor is expected to contribute \$20.8 million. For additional information, please contact CEEBIC, at [ceebic@ita.doc.gov](mailto:ceebic@ita.doc.gov).

## Calendar of Events

### August

**8/27–8/31** Dobrich Fair: Agriculture, Dobrich, Bulgaria  
Main product groups: machines and equipment, stock breeding, seeds and sowing seeds, plant protection.

Further information:

Tel: +359 (58) 30 152

Fax: +359 (58) 46 283

E-mail: [dobrich\\_fair@abv.bg](mailto:dobrich_fair@abv.bg)

### September

**9/30–10/5** International Technical Fair, Plovdiv, Bulgaria

Special exhibitions:

Infotech: information technology; PC World: software, machine building; Eneco: power engineering and ecology; chemical industry; Stroytech—The City: construction and architecture; Autotech: transportation and auto service equipment; Eltech: electronics and electrical engineering.

Further information:

Tel: +359 (32) 902 346

Fax: +359 (32) 902 432

E-mail: [e.marinova@fair-plovdiv.com](mailto:e.marinova@fair-plovdiv.com)

Web site: [www.fair-plovdiv.com](http://www.fair-plovdiv.com)

### October

**10/1–10/5** American Catalog Show, FYR Macedonia  
Product sectors: agricultural machinery and equipment, meat and dairy equipment, and veterinary equipment and supplies.

Further information:

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Tel: (202) 482-2645

Fax: (202) 482-3898

E-mail: [ceebic@ita.doc.gov](mailto:ceebic@ita.doc.gov)

**10/2–10/6** International Fair, Kosovo

Further information:

Tel: +377 (44) 12 95 95, +377 (44) 233 156, +377 (44) 233 157

Fax: +1-661-825-9394

E-mail: [panairi@yahoo.com](mailto:panairi@yahoo.com)

Web site: [www.panairi.com](http://www.panairi.com)

**10/22–10/27** American Catalog Show, FYR Macedonia

Product sectors: electronic equipment and supplies, construction equipment, and metal production equipment.

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For a more complete list of events, go to CEEBICnet: [www.export.gov/ceebic](http://www.export.gov/ceebic).

*This notice is provided solely as an informational resource and does not constitute U.S.*

*Department of Commerce endorsement of these events. All information published in the Commercial Update regarding trade events is subject to change without notice by the organizers of those events.*



**Do you have a question about the EU Accession process currently underway in Central and Eastern Europe?**

**Call the International Trade Administration's EU Accession Hotline.**

**(202) 482-9090**

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