

## INVEST IN BOSNIA AND HERZEGOVINA YOUR NEW OPPORTUNITY!



Bosnia and Herzegovina is located in the Western Balkan – South Eastern Europe, with territory of 51,209 sq. km and a population of approximately 3.8 million permanently citizens, as a natural gateway between East – West Europe. It is here that eastern and western civilizations met, enriched and reinforced each other throughout its long and fascinating history.

The improvement of the business environment in BiH and creation of a favorable climate for foreign investments are the key features of economic development of BiH.

### WHY BOSNIA AND HERZEGOVINA?

- Available natural resources and beauties
- Long tradition in different industry branches
- Abundance of industrial zone, attractive sites and available production facilities
- Favorable legal environment with guarantees and right protecting your investment
- Low tax rates – 10% corporate income tax, 25% total tax rate
- Highly educated and price competitive labor force
- Stable domestic currency BAM pegged to EURO
- Free Trade Agreements with all SEE countries, Moldova and Turkey
- B&H has generalized system of export preferences with EU countries, USA, Switzerland, Norway, Russia, Japan, Iran and other countries
- Wide road and railway network, 4 international airports, 1 sea port and 2 river ports, including good access to high speed internet and reliable and extensive mobile telephone networks and huge energy production resources
- Close to the EU market - 24-48 hours by truck

## **Abundance of industrial zone, attractive sites and available production facilities**

Prices of real estate always depend on a number of factors such as: location, condition and equipment, age, current market situation.

Prices of buying/leasing office space are ranging as follows:

### **Leasing office space (without ground floor) per month:**

-5 EUR/m<sup>2</sup> – 20 EUR/m<sup>2</sup>

### **Buying office space:**

-Central position 1,500 EUR/m<sup>2</sup> – 3,000 EUR/m<sup>2</sup>

-Peripheral position 500 EUR/m<sup>2</sup> – 2,000 EUR/m<sup>2</sup>

### **Price of agricultural land:**

-2 EUR/m<sup>2</sup> – 25 EUR/m<sup>2</sup>

### **Price of construction land:**

-25 EUR/m<sup>2</sup> – 700 EUR/m<sup>2</sup>

### **Prices of leasing/buying workshop (production building) are:**

-Leasing production building (per month): 1 EUR/m<sup>2</sup> – 10 EUR/m<sup>2</sup>

-Buying production building: 50 EUR/m<sup>2</sup> – 1,000 EUR/m<sup>2</sup>

### **Free Trade Zones**

Free trade zones are part of the customs territory of BiH managed by the founder of the free zone. There are several free zones in B&H. Each free zone has the status of legal entity and it acquires legal capacity and the capacity to exercise rights upon registration in accordance with the Act on Establishing Free Zones in the Court Register.

Free zone founders may be one or more domestic or foreign legal entities registered in B&H. The users of free zone do not pay VAT (17%) and import customs. Investment in the free zone, transfer of profit and transfer of investment are free of charge. Customs and tariffs are not paid on imports into the free zone. The imports of equipment that will be used for manufacturing within the free zone are exempt from paying customs duties and fees.

### **CURRENT FREE TRADE ZONES IN BiH**

#### **FREE ZONE "VOGOŠĆA"**

Total Area: 85,000 m<sup>2</sup>

Position:

Direct Connection to the main railway: Ploče – Sarajevo – Banja Luka – Zagreb/Belgrade

Connection to the main road (Corridor Vc): Budapest- Osijek- Sarajevo-Mostar- Ploče

10 km far from the Sarajevo airport

Connection to the Trans-European gas supply

#### **FREE ZONE "VISOKO"**

Total Area: 200,000 m<sup>2</sup>

Available Area: 18,000 m<sup>2</sup>

Position:

Road connection: Orašje-Doboj-Zenica-Sarajevo (Vc Corridor)

Rail connection: Zagreb, Beograd -Vinkovci-Sarajevo-Ploče

30 km far from the Sarajevo Airport

### **FREE ZONE "HERCEGOVINA-MOSTAR"**

Total Area: 435,633 m<sup>2</sup>

Position:

Connection to the main railway: Budapest–Sarajevo–Banja Luka–Zagreb/Belgrade

Connection to the main road (Corridor Vc): Budapest- Osijek- Sarajevo-Mostar- Ploče

Existence of the Mostar airport

60 km far from the Port Ploče (Adriatic sea)

### **FREE ZONE "HOLC" PURACIC, LUKAVAC**

Total land area (m<sup>2</sup>): 75,000 m<sup>2</sup>

Purpose: Production, Wood Industry

Position:

- Connection to the regional road Tuzla-Doboj

For more information contact Foreign Investment Promotion Agency of Bosnia and Herzegovina

[www.fipa.gov.ba](http://www.fipa.gov.ba)

### **Favorable legal environment with guarantees and right protecting your investment**

Regarding his investment the foreign investor enjoys equal status, rights and duties, as domestic legal and physical persons. A foreign investor enjoys full legal security and legal protection in respect of rights acquired by virtue of the investment. Rights of foreign investor acquired in the moment of registration of the legal documents cannot be deteriorated by subsequent alteration of laws and other regulations.

Company with foreign investment enjoys equal legal status and carries on its business under equal conditions and in an equal manner as do domestic companies.

BiH offers many benefits for foreign investors, such as:

- The Law on the Policy of Foreign Direct Investments of Bosnia and Herzegovina ("Official Gazette of BiH", no. 17/98,13/03 and 48/10) ensures national treatment of foreign investors, i.e., foreign investors have the same rights and obligations as residents of BiH;
- Foreign investors are entitled to open accounts in any commercial bank in domestic and/or any freely convertible currency on the territory of BiH;
- Foreign investors are entitled to freely employ foreign nationals, subject to the labor and immigration laws in BiH;
- Foreign investors are protected against nationalization, expropriation, requisition or measures having similar effects; such measures may take place only in the public interest in accordance with the applicable laws and regulations and against the payment of an appropriate compensation, i.e. compensation that is adequate, effective and prompt;

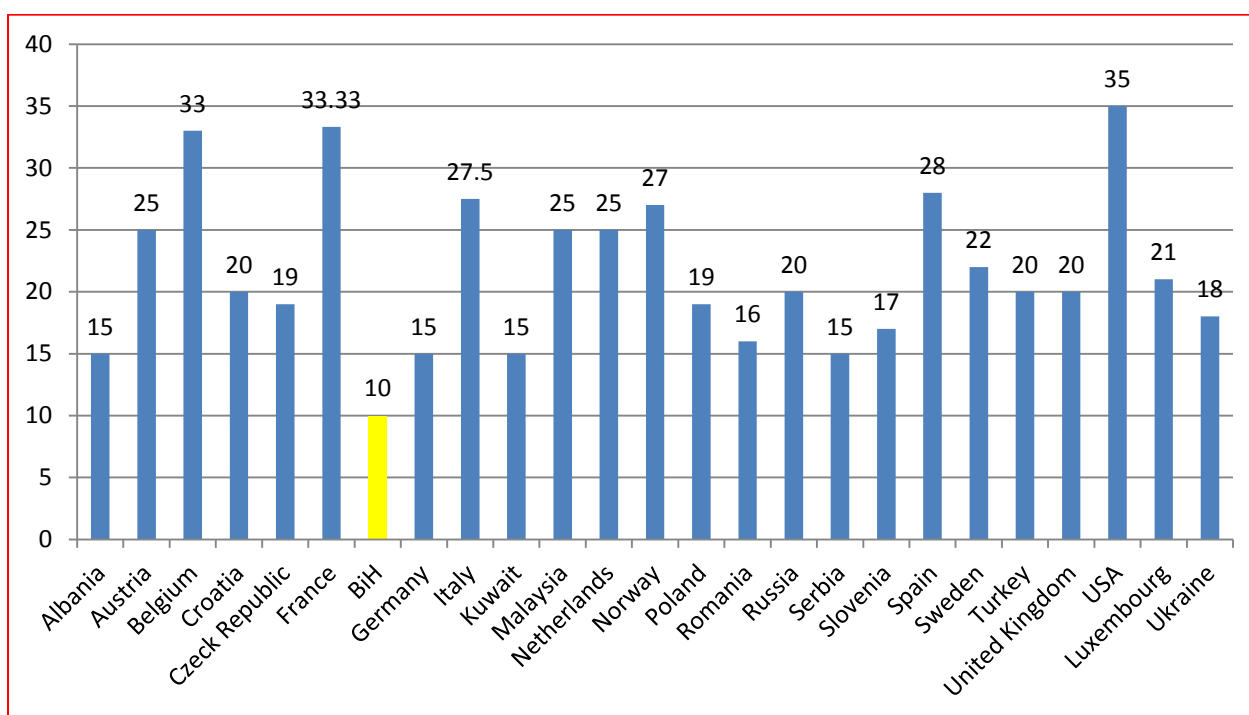
- Equipment being imported as part of share capital is exempt from paying customs duties (with the exception of passenger cars, slot and gambling machines);
- The rights and benefits of foreign investors granted and obligations imposed by the Law (mentioned above) cannot be terminated or overruled by subsequent laws and regulations. Should a subsequent law or regulation be more favorable to foreign investor, the investor will have the right to choose the regime by which the investment will be regulated.
- Foreign investors may own real estate in BiH. Foreign investors enjoy the same property rights in respect to real estate as BiH legal entities.
- Foreign investors are entitled to transfer abroad, freely and without delay, in convertible currency, proceeds resulting from their investment in BiH.

Foreign investors can insure their investment with the European Union Investment Guarantee Trust Fund for Bosnia and Herzegovina, administered by the Multilateral Investment Guarantee Agency (MIGA, member of the World Bank Group). Also, insurance is possible through insurance (international and domestic) companies existing in BiH.

**Low tax rates – 10% corporate income tax, 25% total tax rate**

**Corporate Income Tax**

Corporate income tax rate is 10% on the whole territory of Bosnia and Herzegovina



Source: <https://www2.deloitte.com/>

**Tax Benefits**

In Federation of BiH:

The Federation Law on Corporate Income Tax enables foreign investors to enjoy the following benefits

- The taxpayer who invests, from its own funds, in production equipment more than 50% of the total profit in the current tax period, shall be reduced of the obligation of the calculated tax for 30% of the amount in the year of investment.

- The taxpayer who in a period of 5 consecutive years makes investments from its own funds, in the total amount of 10 million €, starting with the first year when taxpayer has to invest at least 2 million €, shall be reduced of the obligations of the calculated income tax for 50% of the amount in the year of investment.

- The taxpayer is entitled to a tax-deductible expense in the double amount of the gross wage paid to newly employees if meets the following conditions:

- duration of the employment contract must be at least for a period of 12 months with full-time working hour
- new employee was not employed with the taxpayer or a related person in the previous five years.

In Republic of Srpska:

Law on Profit Tax RS introduced tax base reduction in the value of investment for:

- Investment in equipment intended for the company production activity
  - Investments in plants and immovable property used for manufacturing and processing activities
- And tax base reduction in amount of paid personal income tax and mandatory contribution for the employer:

- Employing 30 workers during a calendar year (workers who were on the official evidence of Employment Office of RS).

### No Profit Taxation

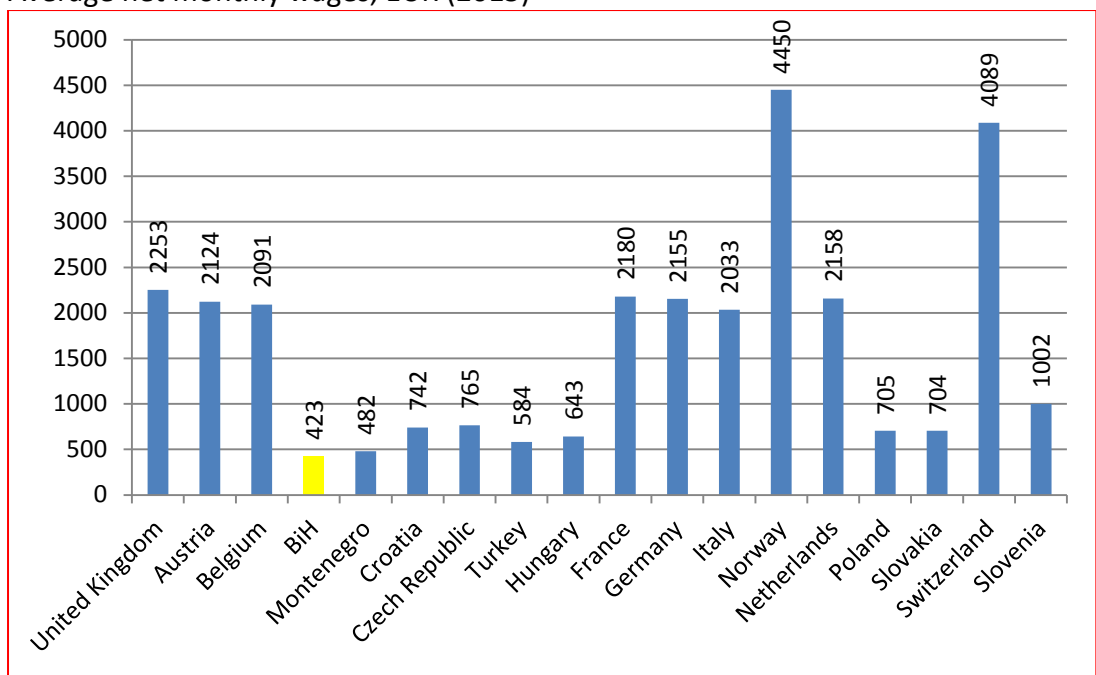
Foreign investors are entitled to transfer abroad, freely and without delay, in freely convertible currency proceeds resulting from their investment in BiH.

### Customs Incentives

Equipment being imported as part of share capital is exempt from paying customs duties. This exemption does not refer to passenger vehicles, slot and gambling machines.

### Highly educated and price competitive labor force

Average net monthly wages, EUR (2015)



Registered unemployment by qualification in BiH, December 2015

<b>TOTAL, December 2015</b>	<b>537,568</b>
University qualification	43,761
Two-year college	7,586
Secondary	148,538
Highly skilled and skilled	184,398
Semi-skilled	10,911
Unskilled	142,374

Source: Agency for Statistics of B&H

Graduates, Masters of Science, Specialists and Doctors of Science on High Schools Institutions in B&H, in 2014.

	Total graduated students	Total masters of science and specialists	Total doctors of science
B&H	16,351	3,364	301

Source: Agency for Statistics of BiH, Education Statistics, November 2015

A growing number of young people are entering university; participation in higher education is comparable with EU levels, and far above levels in other countries in the region.

	Number of institutions
Pre-school education (school year 2014/2015)	289
Primary education (school year 2014/2015)	1,866*
Secondary education (school year 2014/2015)	311
Higher education (school year 2014/2015)	47**

\*1,812 active regular basic schools (central and self-contained with satellite schools and departments) and 54 basic schools for children with special needs. \*\*In the academic year 2014/2015, in the territory of BiH, were 47 higher education institutions, out of which 10 public and 37 private. Source: Agency for Statistics of BiH, November 2015

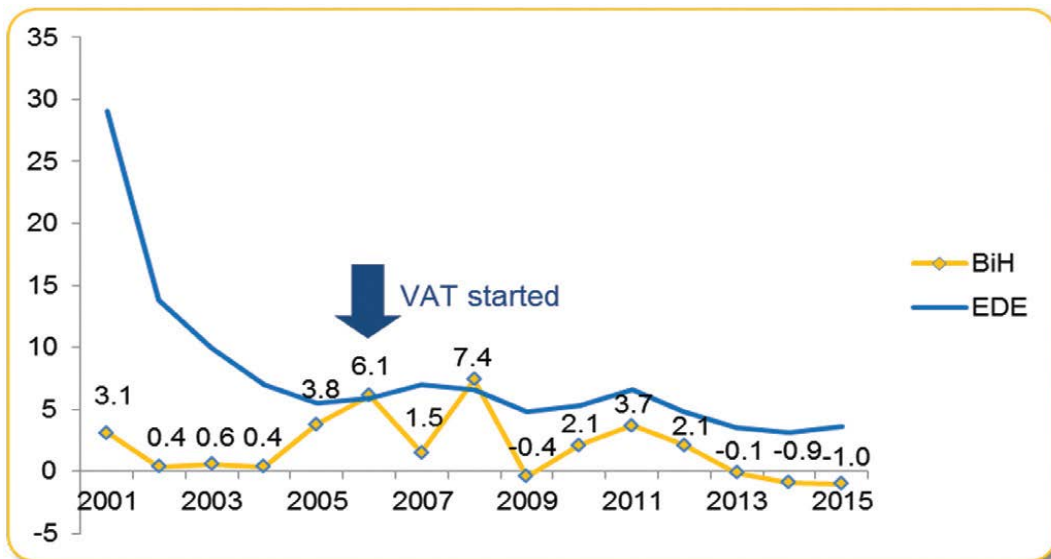
In the academic year 2014/2015 on the territory of B&H were 96,425 students enrolled in 47 higher education institutions (first cycle and integrated I and II cycle) and 143,881 students attended 311 secondary schools.

### **Stable domestic currency BAM pegged to EURO**

BiH has the most stable currency in the South East Europe, which is directly linked to the Euro. Central Bank of BiH maintains monetary stability by issuing domestic currency according to the Currency Board arrangement with full coverage in freely convertible foreign exchange funds under fixed exchange rate 1 KM: 0.51129 EUR.

At the beginning of 2015 there are 26 commercial banks. Two banks are state owned and 24 banks are predominantly privately owned with majority of foreign ownership (cca 90% of total banking sector assets). BiH was assigned B + credit rating by Standard & Poor’s Agency with stable outlook and B2 sovereign credit rating with stable outlook by Moody’s Investors Service.

Annual inflation rate, %



Source: Agency for Statistics of BiH, EDE (Emerging and Developing Europe) International Monetary Fund (October 2015)

**Free Trade Agreements with all SEE countries, Moldova and Turkey**

With the purpose of facilitating trade, creating preconditions for the increase in exchange of goods (and particularly export), the creation of a favorable environment for domestic and foreign investments, Bosnia and Herzegovina concluded certain number of bilateral/multilateral free trade agreements.

Bosnia and Herzegovina has signed the Central European Free Trade Agreement (CEFTA), in effect as of November 2007, with the following countries:

ALBANIA	SERBIA	MOLDOVA	MONTENEGRO
MACEDONIA	UNMIK/KOSOVO		

BiH has also signed a Free Trade Agreement with Turkey which provides additional free access to this consumer market with 70 million people and EFTA countries with 13 million people. Free Trade Agreement between Bosnia and Herzegovina and EFTA (Switzerland, Norway, Iceland and Liechtenstein) was signed on 24 June 2013 in Norway, and entered into force on January 2015.

**BiH has generalized system of export preferences with EU countries, USA, Russia, Japan, Iran and other countries**

Stabilization and Association Agreement (SAA) between the EU and BiH enters into force on Jun 1, 2015. The SAA establishes a close partnership between the EU and BiH and deepens the political, economic and trade ties between the two parties.

It is from now on the main framework for the relations between the EU and BiH.



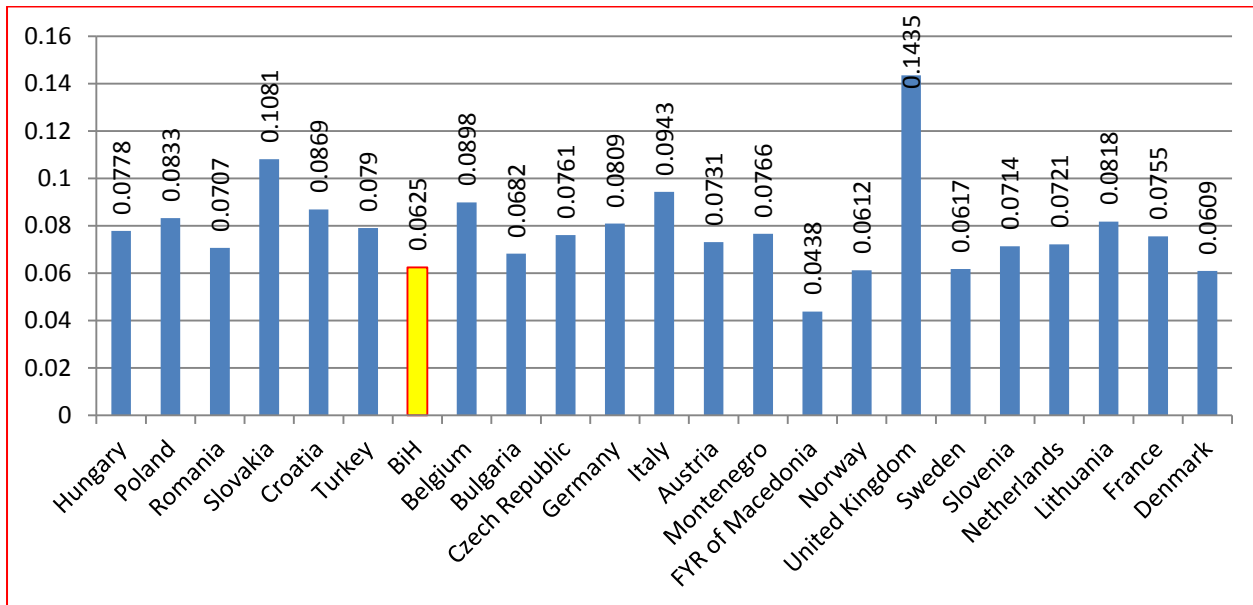
BiH has generalized system of preferences with: USA, New Zealand, Switzerland, Norway, Japan, Russia, Kazakhstan, Belarus, Canada and Australia.

Furthermore, BiH has preferential export regime with Iran.

### Low operating costs

Electricity prices for medium size industries in 2015 - €/kWh

Source: <http://ec.europa.eu/>



### ESTABLISH A BUSINESS IN BIH

Setting up a business in BiH is regulated by:

- Company Law of the Federation of BiH
- Company Law of Republic of Srpska
- Law on the Takeover of Joint Stock Companies

Types of companies permitted by the BiH law:

- Unlimited Joint Liability Company (d.n.o. / a.d.)
- Limited Liability Company (d.o.o.)
- Joint-Stock Company (d.n.o. / a.d.)
- Limited Partnership (k.d.)

### STEPS FOR ESTABLISHING A BUSINESS

Federation of BiH:

- 1) Establishment Contract (made by notary)
- 2) Payment of initial capital
- 3) Registration at the competent court
- 4) Making a company stamp
- 5) Opening a bank account in a commercial bank
- 6) Registration of the company and staff at the Tax Administration
- 7) The statement of the company founder about fulfillment of all requirements for starting activity (submit to the Competent Inspection Department) /



and start business

Republic of Srpska

- 1) Verification of the founding act by a notary
- 2) Payment of initial capital
- 3) Registration request submit to the APIF RS
- 4) Making a company stamp
- 5) Opening a bank account in a commercial bank
- 6) Registration of the company and staff at the Tax Administration / and start business

## **DURATION AND COSTS**

In FBiH, according to the Law, court registration procedure of establishing a business takes up to 5 days, and in RS up to 3 days.

The costs are as follows:

Federation of BiH:

Administrative costs: cca. 500 EUR

Lawyer and notary costs: cca. 500 – 1,000 EUR

Republic of Srpska

Administrative and notary costs: cca. 150 EUR (first establishment)

Brcko district

Administrative and notary costs: cca. 1,000 EUR

## **ATTRACTIVE SECTORS**

### **TOURISM SECTOR**

Bosnia and Herzegovina, a land of breathtaking natural beauties and ever lasting historical and cultural heritage, largely matches the new market travel trends particularly requirements of the travellers who are looking for new destinations, adventure and authenticity. Investment opportunities in tourism sector are various including: ski and mountain tourism, ecotourism, spa and health tourism, sea tourism, cultural heritage and religious tourism, adventure and sport tourism.

Invest in BiH and take advantage of these opportunities:

- BiH becomes an emerging tourism destination
- Unexplored and untouched natural beauties
- Opening and construction of new tourism resorts
- Upgrading of accommodation, entertainment and recreation facilities of existing resorts
- Hotels privatisation
- Nature Parks commercialisation
- Resort operators
- Investment in tourism supporting infrastructure
- Excellent climate conditions
- Long tradition in winter tourism

- Favourable legal environment with guarantees and right protecting your investment
- Highly educated and price competitive labour force

## SUCCESS STORIES

### Mr. Enes Kazazic, Director SEIC Group

“We are proud to announce that SEIC Hospitality's journey from making the decision to invest to opening this hotel has taken only 14 months. Thus we have proved that Bosnia and Herzegovina is a country which should be built and invest in. The opening of the first international hotel's brand after 30 years is a gift not only to citizens of Sarajevo and Bosnia and Herzegovina, but also for the region”

## ENERGY SECTOR

Based on enormous potentials of coal, hydro and renewable energy sources as well as long tradition, energy sector is one of the most attractive sectors in the country. The investors can benefit from foreseen investment projects including: large thermal power generation projects, large, small and mini hydropower projects or wind and solar energy potentials. The electricity, currently mostly produced in hydro and thermal plants, exceeds the domestic demand and it is largely exported.

While being one of the most important economic drivers, the energy sector in Bosnia and Herzegovina still offers huge potential opportunities for further development and investments.

The country is endowed with significant and diverse indigenous natural energy resources that are still untapped or only partly exploited, such as:

- brown coal and lignite, with estimated reserves of 6 billion tons
- partly exploited hydro potential is estimated at over 6000 MW
- significant wind energy potential which is estimated at 2000 MW
- raw material for the bio-mass energy, including approximately 1.5 million m<sup>3</sup> of forest
- Geo-thermal and solar energy
- Oil and gas

## SUCCESS STORIES

### Mr. Vuk Hamović, EFT Group Chairman

“As you may know we have this leading energy trading group in this part of the world South East and central Europe, and Bosnia is for us in the core of that region where have our biggest investment project in Stanari coal mine and future “Drvoplant”. Investment climate in Bosnia is in our view very attractive for the investors. Obviously there is first of all natural resources here bought, coal and water available for hydro units, but not only that, you have natural environment here for investment in energy sector in terms of resources but also regulatory environment is improving and satisfactory today, but further improving with support from the local government and we believe there is great potential in that.”

## WOOD INDUSTRY

Out of all natural resources of BiH, its timber is best known and 63% of the country is covered in forests that can serve the wood and furniture processing industry. Beech, oak, ash, pine and fir as well as more specialised woods such as walnut, apple and cherry, are exported as raw material, half fabricates and finished products. The abundance of both hard and softwood, the price competitive and skilled labour force and manufacture facilities make this sector very attractive for investors.

Over 60% of B & H wood sector production is exported. The most exported products include seats and wood parts, wood, furniture for dining rooms, bedrooms and other wooden furniture. Sales and exports of the B&H wood sector have tripled over the past five years. Forestry products (mostly lumber) were mostly exported to: Italy, Slovenia, Serbia, Croatia, Austria, Germany and Egypt. Some BiH companies are selling their products to important companies such as Ikea.

## SUCCESS STORIES

### **Mr. Edin Dacic, Director, Dacomet AG**

“Obviously Bosnia and Herzegovina is still a country in a transition period with a lot of challenges, but we are thinking positively and seeing more the opportunities. One of the opportunities that contributed to our decision to invest in Bosnia and Herzegovina was the macroeconomic stability which is based mainly on the fixed exchange rate of the currency Konvertibilna Marka, on the one hand and on the other hand the interest of the international community in success of Bosnia and Herzegovina. The second point that contributed to our decision was the proximity to Western European markets, the proximity to the European highway system, the availability of raw material at very reasonable prices and also the availability of workforce at very competitive prices. Obviously we knew, being already active in furniture production before, that Bosnia and Herzegovina is a country with a long tradition in furniture production and with a rich experience in export, and this contributed mainly to our decision to invest together with partners, banks and our customer Ikea in more than 5 million Euros. We created in 10 yrs time you can say, 220 new employees and we are very happy with this development and we expect this development, even at this high speed, to continue.”

## METAL PROCESSING AND AUTO COMPONENT INDUSTRY

The metal processing industry in BiH is quite large, covering the processing of ferrous and non ferrous metals, particularly iron, steel and aluminum, lead, zinc and copper. This sector has permanent and high growth rate of over 10% within past years, being the largest exporter in Bosnia and Herzegovina. BiH metal processing offers strong human and resources base and long tradition enabling sustainable development of various value-added businesses, export oriented in particular.

Numerous foreign companies that have invested in automotive industry of BiH (metal production and processing, tool making, plastic processing, mechanical and electrical engineering, automotive textile products) experienced dynamic development and achieved international standards, enabling export in average 90% of their production. With highly qualified labour force and strategic location, BiH can be an excellent supplier base for reputable automotive producers.

Metal industry is one of the most important industrial sectors of B&H based upon the following data:

- Long tradition in metal processing industry
- Developed advantages at the international market
- Abundance of production facilities and industrial zones
- Skilled labour force
- Available production capacities
- Rich in mineral resources
- Export oriented sector (45% of the total export)
- No restrictions for foreign partnership with domestic companies

## SUCCESS STORIES

### **Mr. Nurija Vesnic, Director, Hella-Bekto Industries Goražde**

“U 2011.godini na prostorima opštine Goražde osnovano je pravno lice „Hella Bekto Industry“ čiji je osnovni zadatak proizvodnja ulične rasvjete bazirana na EVD tehnologiji. Radi se o zajedničkom ulaganju njemačke firme „Hella“ i bosanske firme „Bekto Precisa“. Ovom prilikom istakao bih značaj firme „Bekto Precisa“ koja već od '96.godine na ovim prostorima pokazuje i dokazuje da se može zajednički investirati, da na prostorima BiH, a pogotovu na prostorima Bosansko-podrinjskog kantona, postoji radna atmosfera, podrška lokalne zajednice i kvalifikovana radna snaga koja može odgovoriti visokim zahtjevima..”

### **Mr. Almir Jazvin, Managing Director, Prevent Group BH**

“Why Bosnia and Herzegovina? Simply because Bosnia and Herzegovina provides us with a comparative and a competitive edge in the automotive sector. Bosnia and Herzegovina has a cultural position in terms of its industrial culture and experience over the last 100 years, it also holds a major infrastructure advantage, it has its proximity – it’s very close to the European market and therefore we are very close to our customers and that’s one of the pillars of Prevent’s experience with its customers. Moreover the favourable tax system provides a unique advantage and a position to international investors and foreign direct investment and its one of the most significant advantages of Bosnia and Herzegovina in attracting foreign investments.

In addition to the advantages that we’ve already stated, Prevent sees the human resource, capital, or human capital of BiH is one of the main advantages. The labour force in Bosnia and Herzegovina is motivated, loyal, it has industrial culture that dates back over several hundred years and most importantly it is price competitive compared to the region. Prevent group is one of the clear examples that Bosnia and Herzegovina has the capacity and has the business environment to attract foreign direct investment. We are an example of how an industry that is so complicated and competitive such as the automotive industry in Europe Bosnia and Herzegovina is able to attract, keep and provide the base for further expansion of companies and industries within its environment.”

## **AGRICULTURE AND FOOD PROCESSING**

Abundant natural resources and optimal climate conditions make BiH an ideal place for agriculture and food processing industry. Significant part of the country's land area is agriculture land including arable land, mountain pastures, improved grazing land, orchards and vineyards. Investors can enjoy various investment opportunities: vegetable and fruit growing, wine production, field crops, medical and aromatic herbs, livestock and forage production, fish farming and food processing.

### **UNTAPPED RESOURCES AT COMPETITIVE COSTS**

- ✓ Fruits and vegetables privileged growing conditions thanks to fertile and unpolluted soils, abundance of fresh water resources and favorable and varied climactic conditions remain an untapped resource at very competitive costs.
- ✓ BiH's varied topography and climate conditions allow for longer growing and harvesting seasons.
- ✓ The vast number of rivers and lakes offer great opportunities for fish farming.
- ✓ Excellent opportunities for the production of Halal meat and foods in general.
- ✓ Access to markets with more than 600 million consumers: EFTA and CEFTA member states, Turkey and Preferential Trade Agreement with EU countries,
- ✓ Attractive location bordering the EU (Croatia), Serbia, Montenegro and the Adriatic Sea: an excellent platform to reach Central and Eastern Europe, the Middle East and West Asia.
- ✓ Maximum 1 to 2 day truck transport to most EU markets.
- ✓ Relatively small distance between major fruits and vegetable production areas within BiH - maximum 100 km.

- ✓ Excellent opportunity to cover the Balkan market demand as well as BiH, which imports over 75% of its food and agricultural product needs.
- ✓ Less than 10% of fruits and vegetables are processed in BiH, offering unique opportunities for investments in processing, cold storage and deep freeze capacities - these would lead to higher production.
- ✓ Opportunity for organic production for most of agricultural products.
- ✓ Favorable and safe environment for investment with a stable currency (pegged to the Euro), low inflation, low VAT rate (17%) and CIT rate (10%); and competitive operating costs.

## BOSNIA AND HERZEGOVINA: A NEW DISCOVERY FOR THE MOST DEMANDING MARKETS

While BiH's fertile soils, abundant fresh water resources and unpolluted land are the guarantee for the quality of all agricultural, aquaculture and livestock products of the country; fruit, vegetables, milk and dairy today are BiH's most direct competitive agribusiness segments.

### Fruit and vegetables

- BiH is among leading world producers of raspberries (10th), plums (15th), and strawberries (35th) and produces significant quantities of high quality vegetables: potatoes, peppers, cabbage and cucumbers.
- Average market prices for raspberries and plums in BiH are the lowest among the top 10 producing countries.
- The country has a long tradition in agriculture which represents an excellent ground for applying new, modern production and processing technologies.
- Modern processing capacities are available for fruit & vegetable value added products.
- Current BiH fruit and vegetable production vastly exceeds existing cool storage and processing capacities, while demand is consistently growing and over 75% of food in the country is imported.
- Fruit & vegetable production in BiH is concentrated in the same areas - distance between major production areas is not more than 100 km.
- BiH's fruit & vegetables export figures remain below 10% of total production.

### Milk and dairy products

- BiH milk average production is about 727 million liters/year, with only 7% of total fresh milk production is exported. This is significant potential to expand
- 56% of the agricultural land are meadows and pastures
- Only 23% of total milk production is used in dairy industry
- Average annual fresh milk export growth rate was 8% in the period of 2008/2013
- Opportunities exist in increasing yields which currently remain still low in comparison with EU and the region average production on specialized farms

## INVESTMENT OPPORTUNITIES

- Enlarging production of fresh raspberries, plums, cherries, grapes, cabbage, cucumbers and young potato.
- Cold storage and deep freeze centers for various fruits and vegetables.
- Further development of existing Agro Logistic Business Park.
- Processing Centers for plums, peppers, cucumbers, and cabbages.
- Development of an Air Cargo Center in a site located in the most prominent agricultural area in BiH which has an existing suitable landing air cargo runway

## SUCCESS STORIES

### **Kemal Hrnjić, Director of Meggle Dairies, Bihać**

“With 50 million liters of processed milk in 2014. Meggle exceeded its production capacities. The company decided to extend capacities and build a new production facility, install new software and a new Tetra Pak machine, which will make Meggle the only company in this part of BiH with the newest technology for keeping dairy products. In 2015. the total amount of investments is 5,5 million EUR and it shows our commitment to invest and modernize Meggle Dairy Company in Bihać. Upon completion of this investment the dairy production will be modernized and we will make a step forward in increasing the milk processing.”

## TEXTILE AND FOOTWEAR

Bosnia and Herzegovina has a long tradition and an international reputation as a former supplier of textile and footwear based consumer products to the German and Italian markets. Labour force is skilled under a very low cost and that attracts foreign companies who moved complete production to BiH. Investment opportunities include both engagement in so-called “lohn” businesses or creation of the new products and collections.

The companies in the textile, leather and footwear sector of Bosnia and Herzegovina are mostly small and medium sized family businesses that employ 15 to 300 people. Their comparative advantage is that they are flexible, they can quickly adapt to change and to meet the demands of the market. Individual production capacity is highly effective in relation to international standards. Companies are employing the best young workers. There is sufficient number of qualified candidates at local labor market that can rapidly be employed in the event of an increase in demand for textile and footwear industry products. When it comes to lohn jobs, the main export market of BiH producers is EU market.

The most important reasons for investing in textile, apparel, leather and footwear industry of BiH are the following:

- long industrial tradition in the business,
- the quality of the products,
- availability of skilled and price- competitive human capital,
- the geographic proximity of the EU market and the possibility of delivery in the short term at lower price of transportation, with easier and safer transportation,
- flexibility of production,
- secure supply of energy,
- road infrastructure,
- lack of export quotas,
- incentives of entity governments for this sector (through additional fiscal relief, subsidies, credit lines)
- significant cattle fund in BiH which tends to increase that presupposes the existence of domestic resources of raw wool and raw hides etc.

## SUCCESS STORIES

### **Mr. Slobodan Borojević, Managing Director, Olip Bosna Travnik**

„The facility “Olip - Bosna” in Travnik has employed 1.182 employees directly in production, and indirectly, this Group has 27 smaller facilities, in which another 1.000 employees work. About 97 percent of the footwear produced here goes to the markets of the European Union, United States and Canada.”

## ICT SECTOR

Despite the recent economic crisis, the ICT industry in Bosnia and Herzegovina is growing. The evolution of ICT companies in Bosnia and Herzegovina has been going on at a tremendous speed lately, many of them now offering highly advanced IT and media experts, eager to prove and with a European mindset.

ICT companies from Bosnia and Herzegovina are successfully implementing different joint projects with companies abroad of all sizes in the development of particular product components, as subcontractors for product development, or as implementers of software products. B&H's ICT companies have a rich and diverse experience in providing Software Development, Outsourcing, Project Management and Consulting. They are highly educated (B.Sc./M.Sc. in Software Engineering and Mathematics) and skilled, certified, but more importantly battle tested.

Some of offshore projects include the world's leading companies such as HERE (NAVTEQ, NOKIA), Apple Inc. Cupertino CA USA, Reactor8 Inc. Palo Alto CA USA, The Map Network Washington DC USA, Acision, Waterfall Mobile, Fides Health Care, oLyfe, Black Moose Norway, Raiffeisen Bank Austria and other companies from USA, Turkey, Norway, Sweden, UK, Netherlands etc..

ICT companies from Bosnia and Herzegovina successfully implemented a set of requirements in order to establish an ISO certified quality management system within the organization.

In the past five years, the IT sector in Bosnia has seen its revenues grow by 72 per cent and now contributes 75 million euro to GDP. The income of companies operating in this sector has increased by 60 per cent compared to 2010 and the number of persons working in this sector by 67 per cent.

## SUCCESS STORIES

### **Mr. Hamdija Jusufagic, CEO of System Verification**

"Our clients will not only be provided with highly efficient services for software requirements and testing, but also gain a supplier continuously on the hunt for new openings, where it can grow and improve. Opening up in Sarajevo is an example of this, because it entails cutting costs for the client while maintaining the high level of expertise"



## FOREIGN INVESTMENT PROMOTION AGENCY OF BiH

The Foreign Investment Promotion Agency of Bosnia and Herzegovina is state Agency with a mission to support foreign investment in Bosnia and Herzegovina.

### WHAT WE CAN DO FOR YOU?

#### To inform you on:

- FDI related legislation
- Business environment
- Investment projects, privatization opportunities, available tenders

#### To advice you:

- How to set up a company
- To identify location for Greenfield investment or business service providers

#### To support you to:

- Implement projects
- Cooperate with local private sector
- Organize meeting with responsible authorities

**ALL FIPA SERVICES ARE CLIENT-ORIENTED AND FREE OF CHARGE!**

