

ATTRACTIVE SECTORS FOR
INVESTMENT
IN BOSNIA AND HERZEGOVINA



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govina has one of the lowest rates of VAT (17%) in the region and Europe, as well as the very acceptable corporate tax rates that are also among the lowest in the region and Europe (10%). Bosnia and Herzegovina has made considerable progress in 2015. and Council of Ministers have encouraged private initiative, the necessary reforms are well under way, the deregulation procedure is also happening, and as a result we are seeing the development of a competitive, functional market. The level of foreign investment is far below the needs and opportunities of the country, but Bosnia and Herzegovina has some competitive advantages which should encourage investors to come here.

We hope that you will decide to start and successfully manage to implement your business in Bosnia and Herzegovina and we are here to assist you in achieving this.

Deputy Chairman of the Council of Ministers of B&H
Minister of Foreign Trade and Economic Relations B&H
Mr. Mirko Šarović

Foreword

The economy of Bosnia and Herzegovina offers strong human and resources base, long industrial tradition, as well as favourable business environment, which enable sustainable and profitable investment. B&H's economy is offering potential investors significant opportunities of penetration into a wider regional market and of running their business on the world scale, since B&H is the signatory of the Central European Free Trade Agreement (CEFTA), which provides free access to this consumer market with 50 million people. Bosnia and Herzegovina also has free trade agreements with the European Free Trade Association (EFTA) countries of Iceland, Liechtenstein, Norway and Switzerland and with the Republic of Turkey, as well as preferential export regimes with the European Union, USA, New Zealand, Switzerland, Norway, Japan, Russia, Kazakhstan, Belarus, Canada, Australia and Iran. Therefore, starting a business in Bosnia and Herzegovina means the opportunity of exporting to a market of over 500 million people with significant custom benefits!

B&H has become a great location to invest in, with numerous investment opportunities in various sectors. Law on the Policy of Foreign Direct Investments of Bosnia and Herzegovina ensures the national treatment of foreign investors and foreign investors enjoy the same property rights in respect to real estate as B&H legal entities. Also, Bosnia and Herze-



fer assistance in solving any of these issues through the collaborative network of all government levels in B&H.

I believe this brochure will help you to get better acquainted with the business environment and economic potentials of B&H.

I would like to invite you to contact our expert staff committed to assisting you and your business interests at the most efficient way.

Thank you for choosing Bosnia and Herzegovina as your next investment destination!

Director of FIPA
Mr. Gordan Milinić

Dear investors,

Foreign Investment Promotion Agency of Bosnia and Herzegovina (FIPA) is a state agency established by the Council of Ministers of B&H and it is the leading governmental organization responsible for promotion and attraction of foreign direct investment in Bosna and Herzegovina.

Our mission is to attract and maximize the flow of foreign direct investments and encourage existing investors to further expand and develop their businesses in Bosna and Herzegovina.

FIPA supports investors every step of the way: from choosing a location and during the process of business registration to brokering contacts and providing business promotion and aftercare services.

If you contact us, we will provide you with the best consultation and with the information on investment-related indicators, business environment, legal framework, attractive sectors, available investment projects and locations.

Among some of our other key activities, we provide aftercare services to existing investors. Some of very specific goal of aftercare is to identify any administrative, regulatory or operational issues which are affecting specific investors. The task is not just to collect information on these issues but to also of-



TOURISM SECTOR IN BOSNIA AND HERZEGOVINA



NEW UNEXPLORED DESTINATION

With its natural beauties, good geographical location, wonderful hospitality of Bosnian people, rich heritage and history and gastronomy offerings, and its status as a still unknown tourism destination for major markets, BiH has all pre-determinants for an extremely successful tourism industry story.

According to the World Tourism Organization, Bosnia and Herzegovina is defined as one of only three tourism destinations in the world with overall tourism market growth potential in excess of 10% annually through 2020. Also, according to the World Tourism Organization (UNWTO), Bosnia and Herzegovina is on the list of the 10 countries that have recorded the most significant increase in tourist arrivals. In the period from January – October 2018 tourists realized 1,292,636 tourists arrivals which represent the increase by 12.4% and 2,702,502 overnight stays which is increase by 13.8% as compared to the same period of 2017. According to Bloomberg's latest annual tourism growth ranking, Bosnia was placed ninth out of the top 10 European destinations. Sarajevo, Mostar and Kravice are just some of the destinations recognized as tourist attractions. Bosnia and Herzegovina's cultural heritage and its digitalisation are in the focus of this year's campaign of the World Tourism Organisation, which is a chance for the growth, and development of BiH's tourism.

In 2015. Lonely planet ranked Bosnia and Herzegovina at 5th position among the top countries in the world worth visit. The National Geographic ranked BiH in the top ten destinations in 2012 - in addition to the world's destination for rafting, hiking, skiing and other sports, BiH was chosen for its the best mountain biking trails. Also, Bosnia has been awarded the leisure destination in the outside world by the National Geographic. The Rough Guides have chosen Sarajevo as their second best city to visit in 2014. Following their motto 'Make the most of your time on earth' their experts on 200 worldwide travel destinations put the city second in their Top 10 Cities list after Rio de Janeiro and Sarajevo was described as 'a mini-Istanbul'. The city of Mostar has also recorded a growth in the number of tourists visiting this destination. Its cultural and historic heritage, the Old Bridge, the rivers of Neretva and Buna are all inviting tourists from around the world to come and visit this beautiful place. The host of the EYOF 2019 Winter Youth Festival were the cities of Sarajevo and East Sarajevo. The EYOF (European Youth Olympic Festival) is the largest sport festival for young athletes between 14 and 18 years old. The winter and summer festival is organized every two years. EYOF is a part of the European Olympic Committee and EOC has exclusive rights to the event.

Natural wealth and its diversity (mountains, rivers and forests) is a strong base for development of outdoor tourism in BiH. Geographic location in the center of Europe creates opportunity to attract large number of potential tourists within range of up to three hours flight. Unique cultural and historical heritage including religious sights are also major opportunities for development of creative tourism offer in this segment. Internationally recognized and important event such as Sarajevo Film Festival attracts significant number of tourists. Relatively low cost of services and good food and drink offer make BiH a destination recognized as good value for money. Hospitality is very important factor for creation of overall good experience and repeated visits to Bosnia and Herzegovina and exit polls show that tourists are highly satisfied with this aspect of tourism service in BiH. The Regional Cooperation Council (RCC)'s EU-funded Tourism Development and Promotion Project has awarded the first twelve, out of 30 + grants in total value of EUR 548,000, in 2018. These grants are awarded to the best project proposals received though the public call for proposals looking for ideas intended to improve a joint Western Balkans cultural and adventure tourism offer, as well as infrastructure and quality of services along the selected touristic routes.

The Via Dinarica is poised to become one of the world's top trekking destinations.
- National Geographic-



REASONS TO INVEST

The BiH tourism Industry has recorded positive trends in all major growth indicators over the past ten years, with still considerable room for further utilization of its unquestionable potential. 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 - Average net salary in tourism sector in 2018 was around 288 EUR

The Via Dinarica is poised to become one of the world's top trekking destinations. - National Geographic

Awards for BiH at the World Annual Investment Meeting in Dubai - FIPA BH BEST AGENCY, AL SHIDDI TRADING BEST INVESTOR. At the World Annual Investment Meeting (AIM), which is being held in Dubai from 8 to 10 April, with more than 20,000 people from the world business participating this year, the Foreign Investment Promotion Agency of BiH (FIPA) has been declared the best Agency for Attracting Foreign Investments for Central and Eastern Europe. At the same time, Al Shiddi Trading was named the best investor with his Swissotel Project in Sarajevo.

TOURISM STATISTICS

With its rich tourist offer BiH can satisfy the needs of the global travelers regardless of their budget and preferences. Revenue from tourism in Bosnia and Herzegovina from the past year reached about a billion KM, tourism workers estimate. In the period from January – October 2018 tourists realised 1,292,636 tourists arrivals which represent the increase by 12.4% and 2,702,502 overnight stays which is increase by 13.8% as compared to the same period of 2017. The number of domestic tourist nights increased by 15.5% and number of foreign tourist nights increased by 13.1% as compared to the same period of 2017. Domestic tourist's share of total number of overnight stays was 27.6% and foreign tourists share was 72.4%. Concerning the structure of foreign tourist nights, most of them (50.6%) were realised by tourists from Croatia (11.0%), Serbia (7.8%), Turkey (6.4%), Slovenia (5.5%), United Arab Emirates (5.2%), Germany (5.1%), Italy (4.9%) and Poland (4.7%) . Tourists from other countries realised 49.4% of tourist nights. Regarding the average detention of foreign tourist stays, on the first place comes Malta with average stay of 5.3 nights, Ireland by 3.7 nights, Kuwait by 3.6 nights, Qatar with 3.3 nights, Island and United Arab Emirates with 3.1 nights and France with 3.0 nights. According to the type of accommodation facility the highest number of nights was recorded in Hotels and similar accommodation with share of 91.1%.

Number of tourists in Bosnia and Herzegovina:

Year	Total number	Increase	Overnight stays	Increase
Oct. 2018	1.292.636	12,4%	2.702.502	13,8%
2016	1.148.530	11,6%	2.376.743	10,9%
2015	1.029.000	21,5%	2.143.118	25,2%
2014	846.581	0,30%	1.711.480	-6,1%
2013	844.189	12,9%	1.822.927	10,8%
2012	747.827	9,0%	1.645.521	9,4%

Source: Central Bank of B&H

Foreign tourists are frequently selecting Bosnia and Herzegovina as a place where they will spend their holidays. So last year Bosnian and Herzegovina was visited more than 1 million tourists. But, total number of tourist arrivals in Bosnia and Herzegovina is four times higher than official statistics data.

"The country has immense opportunities for tourism development given its rich natural and cultural heritage, its unique mix of cultures and religions, as well as its strategic location close to major European source markets" - UNWTO Secretary General, Mr. Taleb Rifai

Companies from tourism sector according to the number of employees (%):

Hotels and catering sector	Number of employees 0-9	Number of employees 10-19	Number of employees 20-49	Number of employees 50-249	Number of employees ^250
2018	71.8%	13.2%	10.7%	4.1%	0.2%
2017	72.2%	12.8%	10.8%	4.0%	0.2%
2016	73.9%	12.4%	9.8%	3.6%	0.3%
2015	74.3%	12.3%	9.5%	3.6%	0.3%
2014	75.6%	11.1%	9.5%	3.5%	0.3%

Source: B&H Agency for Statistics, Business Register

Number of companies from tourism sector according to the revenue:

Revenue	Less than 50 000 EUR	from 50 000 to 250 000 EUR	from 250 000 to 2 million EUR	from 2 to 10 million EUR	More than 10 million EUR
2018	415	289	172	18	
2017	397	256	157	15	-
2016	384	252	137	16	-
2015	354	235	127	9	-
2014	372	222	120	10	-

Source: BIH Agency for Statistics, Business Register

The tourism market in BIH is gradually increasing and BIH becomes an emerging tourism destination! The most promising tourism segments:

- Health and Spa
- Ecotourism
- Ski and Mountain tourism
- Cultural Heritage & Religious tourism
- Adventure tourism
- Sea tourism

WORLD TRAVEL AND TOURISM COUNCIL B&H 2018 ANNUAL RESEARCH: KEY FACTS

GDP: DIRECT CONTRIBUTION - The direct contribution of Travel & Tourism to GDP was BAM 799.7mn (USD 464.2mn), 2.6% of total GDP in 2017 and is forecast to rise by 5.1% in 2018, and to rise by 5.3% pa, from 2018-2028, to BAM 1,414.7mn (USD 821.2mn), 3.4% of total GDP in 2028.

GDP: TOTAL CONTRIBUTION - The total contribution of Travel & Tourism to GDP was BAM 2,944.5mn (USD 1,709.2mn), 9.6% of GDP in 2017, and is forecast to rise by 5.4% in 2018, and to rise by 5.4% pa to BAM 5,231.8mn (USD 3,036.9mn), 12.6% of GDP in 2028.

EMPLOYMENT: DIRECT CONTRIBUTION - In 2017 Travel & Tourism directly supported 23,000 jobs (3.2% of total employment). This is expected to rise by 2.7% in 2018 and rise by 2.2% pa to 30,000 jobs (4.4% of total employment) in 2028.



EMPLOYMENT: TOTAL CONTRIBUTION - In 2017, the total contribution of Travel & Tourism to employment, including jobs indirectly supported by the industry was 11.2% of total employment (81,500 jobs). This is expected to rise by 2.8% in 2018 to 83,500 jobs and rise by 2.1% pa to 103,000 jobs in 2028 (15.2% of total).

VISITOR EXPORTS - Visitor exports generated BAM 1,453.1 mn (USD 843.5 mn), 13.2% of total exports in 2017. This is forecast to grow by 6.2% in 2018, and grow by 6.1% pa, from 2018-2028, to BAM 2,787.5 mn (USD 1,618.0 mn) in 2028, 20.3% of total.

INVESTMENT - Travel & Tourism investment in 2017 was BAM 326.5 mn, 5.2% of total investment (USD 189.5 mn). It should rise by 6.3% in 2018, and rise by 5.2% pa over the next ten years to BAM 575.4 mn (USD 334.0 mn) in 2028, 6.7% of total.

HEALTH AND SPA TOURISM

In recent years the tourists are increasingly interested in health and spa tourism of Bosnia and Herzegovina, because the country is rich in high-quality thermal and mineral springs, health resorts and spas. The Health Care laws do not distinguish between the private and public sector. According to the Law on Health Protection of the Federation of Bosnia and Herzegovina ("Official Gazette of BiH", number: 46/10) domestic or foreign persons or companies may be founders of private health institutions, including: clinics, general hospitals, special hospitals, spas, pharmacies, institutions for home care, for palliative care, and dialysis centers. According to the Law on Health Protection of the Republic of Srpska ("RS Official Gazette", No. 106/09) private health institution may be established by natural or legal person, including: family medicine clinic, dental clinic, pharmacy, special clinic, a special centres, hospital, institute for physical medicine and rehabilitation, institutions for home care, laboratory and stem cell bank. Conditions for opening the health institutions in BiH are as follows:

- 1) To have employees with appropriate level of educational attainment, passed professional exam and license issued by the competent chamber, and for the special activities to have employees with adequate specialization or scientific/educational degree;
- 2) To have adequate diagnostic, therapeutic and other equipment for safe and modern health care
- 3) To have adequate space and facilities for the reception of patients, for diagnostic and therapeutic activities and accommodation of patients, as well as for the storage of drugs and medical devices;
- 4) To have adequate type and quantity of drugs and medical devices needed to do certain health activities;
- 5) To have adequate safety system in health institution;
- 6) To have adequate system for medical waste management in accordance with applicable standards, as well as special regulations;
- 7) to have opinion on the justification of the establishment of health institution issued by the cantonal and federal Institute of Public Health and adequate medical chamber (in entity Federation of Bosnia and Herzegovina), respectively issued by the Ministry of Health and Social Security (in entity Republic of Srpska).

Based on the decision on fulfillment of conditions for performing health activities and on founding act, health institution should make registration at competent court register.

Examples of successful foreign investments in health sector in Bosnia and Herzegovina:

- Fresenius Medical Care Germany - dialysis centers in Bosnia and Herzegovina
- Bahceci Turkey - private clinic for IVF in Hadzici near Sarajevo
- Foreign co-ownership in Centar za srce BH in Tuzla - health institutions specialized in treatment of heart and blood vessels diseases

The belief in the curative powers of mineral waters goes back to prehistoric times. Such practices have been popular worldwide, but are especially widespread in Europe and Japan. Japan is maybe too far away, so you have come to the right place... Bosnia and Herzegovina, the heart of Europe...

Until the beginning of 1990-ties, Bosnia and Herzegovina was well known and popular in entire region as a destination for health and spa tourism. Bosnia is apparently derived from an old Indo-European word 'bosana', meaning water. Usually nestled in beautiful surroundings with unspoiled nature and clean air, health resorts in Bosnia and Herzegovina offer true rest and relaxation, in addition to health



care. At present there are 15 health spas in BIH registered as health care institutions. There are located in the areas of Olovo, Fojnica, Bjeljina, Bihac, Srebrenica, Gradacac, Sarajevo, Kiseljak, Laktasi, Bosanska Dubica, Sanski Most, Teslic, Prnjavor, Banja Luka and Visegrad. In last few years BIH has actively worked in development of its spas in order to offer better services to its guests.

"One of the prettiest places on the Earth ", as E.B.Lanin wrote about Ilidza in The Contemporary Review in 1894 in London.

However, most of spas need investments in upgrading and modernization of existing facilities and programs, seeking for potential strategic partners to readjust their business models, management philosophy and marketing strategy.

ECOTOURISM

BIH has already established a number of national and nature parks such are:

- Sutjeska national park
- Kozara national park
- Una national park
- Hutovo Blato nature park
- Bardaca nature park
- Blidinje nature park

Sutjeska national park is one of the first established in Europe and still holds the last remaining thousand year old rainforest Perucica. A country also has the two swamps which are natural reservations and bird habitats. In the north, there is the Bardaca swamp, and the south Hutovo Blato – both have been declared destinations of an international significance by the Ramsar International Convention about swamps. The canyons, lakes, beautiful rivers, waterfalls, springs, and many more unspoiled natural resources have created a unique Bosnian eco tourism product. Furthermore, the villages in mountain regions, offer tourists the possibility to enjoy the special rural ambient with traditional hospitality, and rich culinary offer of domestic products. BIH has numerous locations extremely suitable for eco, geo and ethno tourism development particularly in cooperation with capital investors.

SKI AND MOUNTAIN TOURISM

Skiing, hiking and alpinism tradition in Bosnia and Herzegovina has existed for over a hundred years, but the expansions of winter tourism came after the XIV Olympic Games held in 1984 in Sarajevo. Tourists and especially skiers say that you can find everything in Bosnia and Herzegovina: the perfect ski slopes of Jahorina, the best alpine skiing track on Bjelasnica, and the massive, tall and absolutely tame and open Vlasica, and harsh Kupres, and colorful Igman. The Olympic Mountains Jahorina, Bjelasnica, Igman, Trebevic and Vlasica, as well as recreation centers of Kupres and Risovac, and ski resorts on Kozara, Busovaca, Ostrelj, Vlasenica, Vranica, Borje and others, offer more than 60 kilometers of perfect ski slopes. The British Telegraph in 2015 ranked Jahorina in the top 10 ski destination in Eastern Europe. Sarajevo, the national capital hosted the 1984 Winter Olympics, which, at that time, were the largest Winter Games ever (in terms of athletes and media). Also, the host of the EYOF 2019 Winter Youth Festival were the cities of Sarajevo and East Sarajevo. The mountain centres are ideal for development of winter, sports, recreation, hunting and fishing tourism. Undoubtedly, Bosnia and Herzegovina has the strongest comparative advantages compared to other countries in the region.

At the moment all these huge potentials and opportunities are only partly exploited and numerous investment chances are offered to foreign investors including: investment in vertical transportation, infrastructure, ski slopes, accommodation and other facilities. With further development and capital investment, the mountain centres of BIH can offer the diverse and quality tourist offers, which can fulfill the needs of the most demanding tourists.

"Some of the best-and cheapest-alpine skiing in all of Europe" Outside Magazine



CULTURAL HERITAGE & RELIGIOUS TOURISM

Bosnia and Herzegovina is a country of long and rich history, which cultural heritage presents a complex mixture of Mediterranean, Byzantine, Ottoman and Central European influences making the country an unique attraction for cultural and religious tourism. There are a number of towns, memorial of the past time and testimonial of continuity of habitation at these places from antique and medieval periods to present time such are: Sarajevo, Mostar, Pocitelj, Banja Luka, Trebinje, Travnik, Bihac, Visegrad, Jajce, etc.

"It is very rare in the world to find a city with all the confessions and sanctuaries on 100 square meters. All the tourist who come to Sarajevo usually visit the Cathedral, the Old Orthodox Church, the Gazi Husrev-bey Mosque and the Old Temple"

- Berlin's newspaper "Die Tageszeitung"-



Old Bridge
Mostar, UNESCO's World Heritage



Mehmed Pasa Sokolovic Bridge
Visegrad, UNESCO's World Heritage



The Sarajevo Film Festival
the first and the largest film festival in the region!



Tekija (Dervish monastery)
Blagaj, 16th-century



Medjugorje
One of the largest catholic pilgrim sites in the World

ADVENTURE TOURISM

"Bosnia & Herzegovina is an emerging adventure-tourism destination, with excellent whitewater rafting on the Una and Neretva rivers" - Lonely Planet

Adventure trips and packages offer different types of active holidays for tourists including: rafting, kayaking, walking the canyons of a series of crystal clear waters of the river Tara, Una, Neretva, Vrbas, climbing rocks, hiking, mountain-biking, paragliding and hang- gliding, skydiving, adventure driving off-road vehicles in a beautiful and magical ambience of the Olympic Mountains, Treskavica, Romania, Prenja Cvrstica, Zelengore, Veleza, Vranica, Ozren, etc.

In January 2018, British magazine Guardian made a list of the top ten locations in the world for adventure tourism and Bosnia and Herzegovina was included on that list. Adventure tourism in the country is still not sufficiently explored, but thanks to the natural beauty of mountains, rivers, canyons and lakes, adventure tourism can become BIH's tourism brand. National Geographic ranked Bosnia and Herzegovina among the 10 best adventure destinations for 2012. Among the destinations that offer excellent rafting, mountaineering, skiing and other adrenaline sports, BIH was named as offering the best mountain biking trails. In 2009 Rafting World Championship was successfully organised in Bosnia and Herzegovina at the River Vrbas and The Rivera Tara. ATA (Association of Adventure Tourism BIH) represents BIH outdoor tourism in international fairs (i.e. 2011 Outdoor Retailer Summer Market (ORSM) - Salt lake City, Utah; Adventure World Travel Summit – Luzerne, Switzerland). ATA currently has eleven members offering diverse programs that include: hiking, rock climbing, mountain biking, kayaking, rafting, canyoning and fly-fishing.

SEA TOURISM

With its 23 kilometres of the Adriatic coast and 240 sunny days every year, Bosnia and Herzegovina each year attracts more tourists from all over the world. The town of Neum represents BIH's Adriatic Gate and is the only coastal town in Bosnia and Herzegovina. It was first mentioned in 533 (under the name Neunense), and developed as a maritime retreat in 1965. The Old Town of Neum is 2 km inland.

Scuba-diving, parasailing, boating and jet skiing can be arranged in any of the major hotels. Guests are also offered very attractive tourist visits to Dubrovnik, Mostar, Medjugorje, Hutovo Blato and Vjetrenica.

The current accommodation in Neum cannot meet the needs of tourists during the season, which offers investors an excellent opportunity for upgrading and construction of new facilities.

UNESCO WORLD HERITAGE SITES IN BOSNIA AND HERZEGOVINA

United Nations Educational, Scientific and Cultural Organization (UNESCO) has included the following Bosnia and Herzegovina sites on its World Heritage List:



The Old Mostar Bridge (Stari Most)



Mehmed Paša Sokolović Bridge in Višegrad



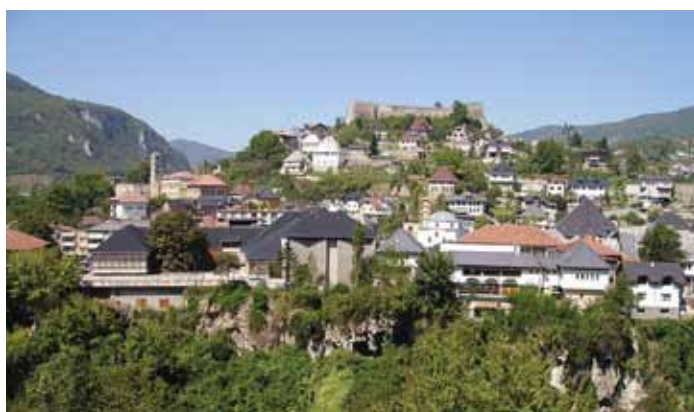
Properties submitted on the Tentative List:



Sarajevo - unique symbol of universal multicultural - continual open city



Vjetrenica cave



The natural and architectural ensemble of Jajce



The historic urban site of Počitelj



The natural and architectural ensemble of Blagaj



The natural and architectural ensemble of Blidinje



The natural and architectural ensemble of Stolac



Stećaks - Mediaeval Tombstones

ENORMOUS DEVELOPMENT POTENTIALS

Tourism sector in BIH has enormous potential for development, possessing all preconditions to play a significant role within the country economy. For this reason, the tourism development was consequently recognized as one of the top priorities of the overall national economic development policy. Significant efforts have been put into creation of favourable business and investment environment for potential investors.

Investment Opportunities

- 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

Investment Modes & Approaches

- Individual private project
- Joint ventures
- PPP
- Concession
- Acquisition
- Privatisation
- Long term loans

Tourism in Bosnia and Herzegovina offers a favourable business environment with increasingly active tourism promotion system.

SUCCESS STORIES



Hotel Central, Sarajevo

Investor: Templeville Development, Ireland



Hotel Grand, Neum

Investor: B.M.V. Inženjering, Croatia



Residence Inn by Marriott, Sarajevo

Investor: South European Investment Company,
Saudi Arabia, UAE, Bahrain



Malak Regency Hotel, Sarajevo

Investor: Malak Group, Saudi Arabia



RESIDENCE INN BY MARRIOTT

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"*

HOTEL NOVOTEL SARAJEVO

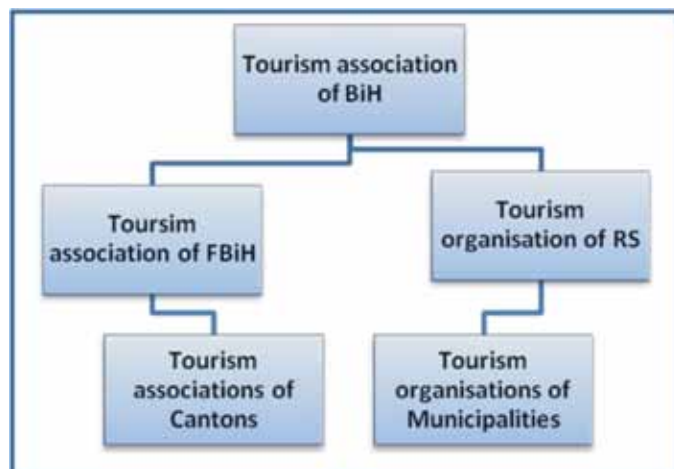
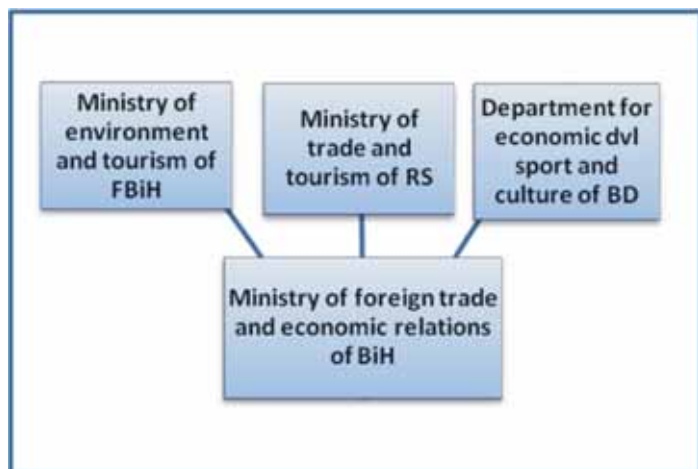
Mr. Sulaiman Al Shiddi, General Manager, Al Shiddi International Group

"Al Shiddi International is interested in new investments in the fields of energetics, construction, industry and tourism. There is a lot of potential for investing and great projects in B&H."

HOTEL & SPA MEDJUGORJE (ITALY)

Mr. Luca Cobre, Director, Hotel & Spa Medjugorje - *"We came here in Medjugorje, in the beginning to buy a flat for one of our owners who came here 20 years ago, and when we arrived here we saw a lot of opportunities to do business, especially in Hotelijersko company and we decided to check and to try which place in this village can be nice and good for us. Here we found a very good ambiance and very good relations with FIPA and local government"*

KEY INSTITUTIONS



USEFUL CONTACTS

Ministry of environment and tourism of FBiH - www.fmoit.gov.ba

Ministry of trade and tourism of RS - www.mtt.vladars.net

Tourism Association of BiH - www.bhtourism.ba

The most popular tourism web portal - www.visitmycountry.net

TOURISM AND REAL ESTATE SECTOR PROJECTS IN BOSNIA AND HERZEGOVINA



Eco tourism projects in Bosnia and Herzegovina:

- Ecological park Borik, Buzim
- Boracko Lake, Konjic
- Risovac, Jablanica
- Mlinska Rijeka, Celinac
- Eco-Village of Grabovica, Tomislavgrad
- Nursing home, Gradiska
- Etno village, Borina Mostar
- Ranc C, Laktasi
- Eco zone Koricani, Vlasic
- Ethno village Sokolovgrad, Sokolac
- Eco Village Eco Futura, Sarajevo
- Eco tourism on Neretva River, Mostar
- Ledinci village, Bjelasnica Mountain
- Eco village Krupa na Vrbasu, Banja Luka
- Gerontological Center Slateks, Slatina

Hotels, Motels projects in BiH:

- Hostel Zuglici, Jablanica
- Motel and Bungalows, Paradise beach, Bratunac
- Sutjeska Hotel, National park Sutjeska
- Treskavica Hotel, Trnovo
- 5 star Hotel, Skenderija
- Konjic Motel, Konjic
- Club Vegas, Tuzla
- Retirement Home, Cazin
- Hotel Bristol, Mostar
- Armonia Retirement home, Mostar
- Hotel complex, Bihac
- Jablanica Hotel, Jablanica
- Hotel and suits „Bikavac“ in Visegrad
- Radava Residence, Konjic
- Retirement home Knezevo
- Hotel with supporting facilities within Kastel Fortress, Banja Luka

Spa tourism projects in BiH:

- Jahorina Eco Wellness Trnovo
- Visegrad Spa, Visegrad
- Ljesljani Spa, Novi Grad
- Mljecanica Spa, Kozarska Dubica
- Thermal resort Logobare, Tesanj
- Rehabilitation and wellness spa center Goranci, Mostar
- Thermo mineral water, Kakanj
- Dvorovi Spa, Bijeljina

Winter & Mountain tourism projects in BiH:

- Cable Railway, Hrasnica Igman
- Express cable car, Pavlovac Jahorina
- Jahorina 5 stars Hotel
- Gondola Jahorina Express, Jahorina
- Mountain Lisina, Knezevo
- Sports and Recreation Center Cajusa, Kupres
- SKI Centre Srebrenik, Knezevo
- Gondola Borje, Kotor Varos

Cultural tourism projects in BiH:

- Kastel Fortress, Banja Luka
- Trebinje Tourism Resort, Trebinje
- Former girl's high school building, Mostar

Sea tourism projects in BiH:

- Tiha Luka, Neum
- Tourism resort Golden Shell, Neum

Recreation, Sport and Adventure tourism projects in BiH:

- Aqua park, Istocno Novo Sarajevo
- Aqua park with sports center and business complex, Maglaj
- Kula Project, Istocna Ilidza
- Bistricka Rika, Gornji Vakuf Uskoplje
- Hotel, Hippodrome, Sport & Recreational centre, Capljina
- Sebesic Tourism Zone, Novi Travnik
- Sport & Recreation Centre Vrapcici, Mostar
- Sport & Recreation centre, Drvar
- Sports and recreation centre Slatina, Laktasi
- Neretva Elite Resort, Konjic
- Sports and recreation centre, Sokolac
- Tourist fishing settlement in the valley of the river Lim, Rudo
- Mountain centre Crvena Stijena, Sokolac
- City swimming pool, Bosanski Petrovac
- Gondola Borje, Kotor Varos
- Kosevo stadium, Sarajevo

Other tourism sector projects proposed by Entities' Governments:

REPUBLIC OF SRPSKA

- Delibasino Selo Tourist Destination Banja Luka
- Touristic Complex Treskavica, Trnovo
- Tourist sport and recreation center PU stud farm Vucijak

FEDERATION OF BOSNIA AND HERZEGOVINA

- Vertical transportation on Bjelašnica Mt., six-seater cable car, illumination of ski trails
- Cantonal Public Company Skenderija, Reconstruction of the halls
- Thermal Resort Gračanica, Canton Tuzla
- Thermal Resort AQUATERM Olovo
- Spa Complex Muška Voda (Male Vigor Water Spring) Kladanj
- Revitalization and enlargement of hotel capacities on the Igman and Bjelašnica Mountains, Hotel Igman
- Enlargement of hotel capacities in Mostar, Neretva Hotel
- Mostar Golf Courses
- Sport-recreation center Igman, Swimming pool at Veliko polje, illumination of ski trails
- Enlargement of hotel capacities in Sarajevo, Barracks Jajce Hotel
- Enlargement of hotel capacities in Sarajevo, Marijin Dvor Hotel
- Enlargement of hotel capacities in Sarajevo, Nacional Hotel



AGRICULTURE AND FOOD PROCESSING INDUSTRY IN BOSNIA AND HERZEGOVINA



GENERAL INFORMATION ABOUT BOSNIA AND HERZEGOVINA

Official name	Bosnia and Herzegovina (BiH)
Geographic position	South-East Europe, borders with Croatia (932 km), Serbia (312 km), and Montenegro (215 km)
Area size, population	51,209 km ² / 3.5 million
Administrative structure	2 entities: Federation of BiH (FBiH) with 10 cantons; Republika Srpska (RS); Brčko District of BiH
Currency and exchange rate	Convertible Mark (BAM – official abbreviation; KM – in daily use); 1 EUR = KM 1.95 (fixed exchange rate)
Relief	Predominantly mountainous country with Dinaric mountains, the highest peak on the mountain of Maglić, at altitude of 2,387 m. In the north, the Sava River created a fertile valley which is the largest lowland vastness intersected by low mountains. The southern part has karst relief, with access to the Adriatic Sea in the southwest, with 23 km of coastline.
Climate	Mountain climate, moderately continental climate, and Mediterranean climate with strong annual variations of temperature and precipitation levels

BOSNIA AND HERZEGOVINA: NEW INVESTMENT DESTINATION IN AGRICULTURE 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 climatic 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 exported. This represents a significant potential for expansion.
- 56% of the total agricultural land is meadows and pastures.
- Only 23% of total milk production is used in dairy industry.
- Milk and milk products export in 2017, was 39 million € and is increased for 12% related to year
- Opportunities exist in increasing yields which currently remain still low in comparison with the EU and region's 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 the 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.
- Strong potential to aggregate smaller producers and collect larger quantities of high quality products for export.

FOREIGN DIRECT INVESTMENT IN BIH AGRICULTURE AND FOOD PROCESSING INDUSTRY

Foreign companies that already invested in BiH food processing industry

BiH COMPANY	SUBSECTOR	FOREIGN COMPANY
COCA COLA HBC-BH, Hadžići	Beverages	CC Beverages, Nederland
PERUTNINA d.o.o., Breza	Chicken Meal processing	Perutnina Ptuj, Slovenia
BIMAL, Brčko	Edible oil	Studen Group, Austria
RAFINERIJA ŠEĆERA, Brčko	Sugar production	Studen-Agrana, Austria
VITAMINKA, Banja Luka	Fruit&Vegetable processing	Kreisen Ind. Switzerland
SL TAKOVO d.o.o. Trebinje	Confectionery & Fruit Juices	SWISSLION-Takovo d.o.o., Serbia
LEDO, Čitluk	Ice cream and frozen foods	Ledo, Croatia
BOSNAPLOD, Brčko	Fruit production & processing	Zeraa Agriculture Investment, UAR
VOČAR, Brčko	Fruit production & processing	VOČAR, Slovenia
INMER d.o.o. & Lactalis BH d.o.o., Gradačac	Milk and milk products	LACTALIS, France
MEGGLE MLJEKARA, Bihać	Milk and milk products	MEGGLE Eastern Europe, Germany
MLJEKO PRODUKT, Bosanska Dubica	Milk and milk products	Danube Foods Group, Salford Group, GB
ZOTT SEE d.o.o. Gradačac	Milk and milk products	ZOTT, Germany
Prerada i promet mlijeka d.d. Tuzla	Milk and milk products	Ljubljanske mlekarne d.d., Slovenia
NESTLE ICE CREAM, Bijeljina	Ice cream	NESTLE ICE CREAM, Serbia
BOS AGRO FOOD, Sarajevo	Fruit berries processing	Plle Svansson AB, Sweden
MIRA, Prijedor	Production of biscuits and wafers	KRAŠ, Croatia
ARGETA, Sarajevo	Spreads production	DROGA KOLINSKA, Slovenia

Source: Ministry of Foreign Trade and Economic Relations of BiH

WHAT DO INVESTORS SAY ABOUT BIH AGRI SECTOR

"Bosnia and Herzegovina is selected as the best location for construction of a sugar refinery that will greatly contribute to the strategic development of the food industry and the economy of this country. The sugar refinery will be a leader in Southeast Europe by production capacity, and will promote the economy of Bosnia and Herzegovina on its path to Europe." - **Ilija Studen, President of the Board of Studen & CO Holding, Austria**

"In cooperation with the Norwegian company "Geno" I made the decision to invest in BiH. The reason for the decision lies in the enormous opportunities that this country offers, especially when it comes to the agriculture. I would especially stress that skilled labor force, high level of unemployment and climatic conditions provide significant opportunity for the development of agriculture, and I think there lies the future of this country." - **Jusuf Arifagić, Director, Arifagić Investment doo export-import Kozarac, Prijedor**

"Slovenian investors are satisfied with the operations in Bosnia and Herzegovina and their goal is a long term presence and strengthening at the BiH market." - **Samir Brodović, Director, ARGETA Sarajevo - Droga Kolinska, Slovenia**



With 50 million liters of processed milk in the last year 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.

"This year the total amount of investments is 11 million BAM 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," said Director Hrnjić.

- Kemal Hrnjić, Director of Meggle Dairies, Bihać

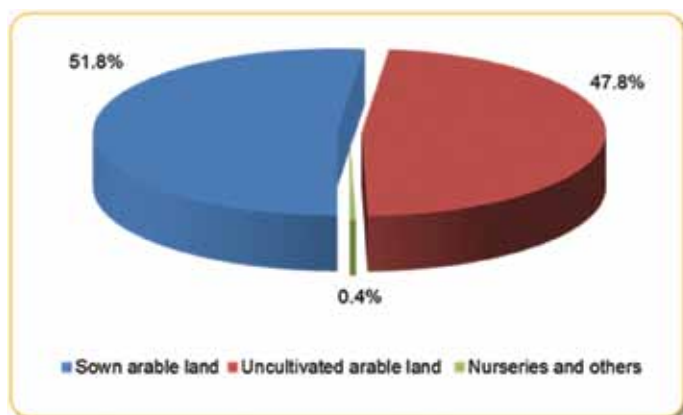
Company KREIS INDUSTRIEHANDEL AG Basel from Switzerland has invested into two companies in Bosnia and Herzegovina, KREIS BH Ilidža and Vitaminka Banja Luka.

"Vitaminka Banja Luka currently employs 220 and our core activity is fruit and vegetable processing. This company is a positive example to the other foreign investors ready to invest their money in BiH. Vitaminka exports their products to the Region, EU countries, USA and Australia." - **Dževad Šipka, Director of Kreis BH, Sarajevo**

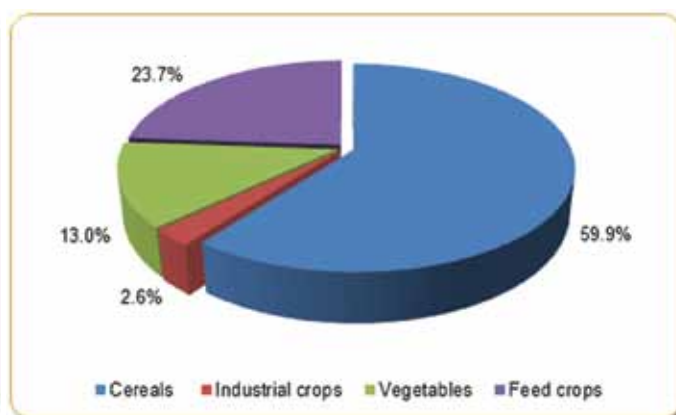
STRENGTH IN DIVERSITY OF NATURAL CONDITIONS & PRODUCTION FACTORS

Land resources

- Agricultural land in BiH occupies 2,572 million hectares (25,720 km²), which is 51.3 %, from the total land area.
- Cultivated land is 1,585 million hectares (15,850 km²), which is 61,6 % of agricultural land, while the arable land covers about 1 million hectares, of which about 47,8 % is unused.
- The structure of sowing areas has not changed for longer period of time, it is dominated by cereals with a share of 58,9 %, then 24,9 % of fodder crops, 13,9 % of vegetables and 2,3 % of industrial plants.



Arable land in BiH, 2018



Sawn arable land by types of crops in BiH, 2018

Arable land by the type of cultivation in 000 ha								
Year	Arable land	Total cultivated arable land	Cereals	Fodder Crops	Vegetables	Industrial crops	Other arable land	Fallow & uncultivated arable land
2018	1025	531	318	126	69	14	4	490

Source: BiH Agency for Statistics

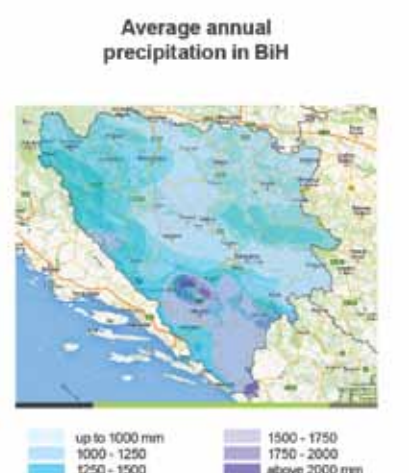
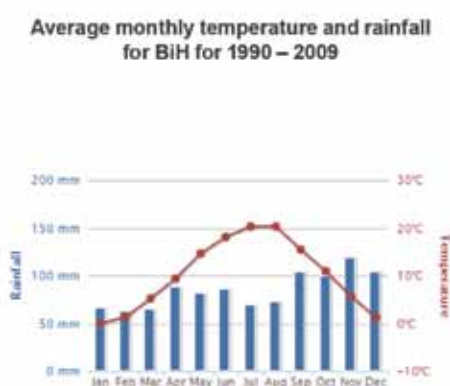
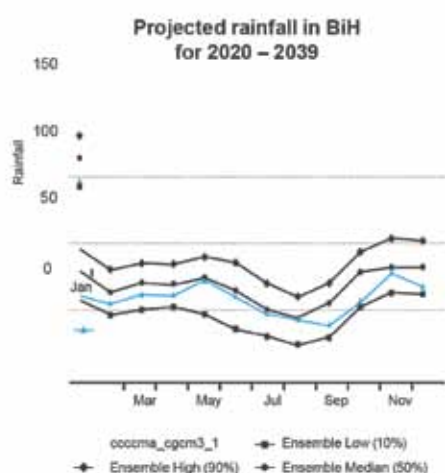
CLIMATE

Bosnia and Herzegovina's climate is not dominated by a single type of weather. There are neither dry seasons nor harsh and long winters. The country can be divided into three climatic regions with more or less sharp boundaries or moderate transition zones:

- Northern region, has a temperate continental climate and average temperature in January from -0.2oC to 2.0oC, in July 20oC to 22oC.
- Hilly-mountains region, with variations of continental, high- mountainous and alpine climate, average temperatures in January from -0.3oC to -7.4oC, in July 10.2oC to 21.2oC.
- Southern region, with characteristics of Mediterranean climate, average temperatures in January being 2.3oC, in July 22.5oC to 25.7oC, and precipitation of about 2,000 mm/m2.



The climate is predominantly moderate continental, particularly characteristic for Central Bosnia and Herzegovina, while northern part of the country has predominantly continental climate. South of the country has Sub-Mediterranean and Mediterranean climate, characterized by long summers and short, mild winters, with more than 200 sunny days and an average of 1,400 mm/km² of precipitation per year.



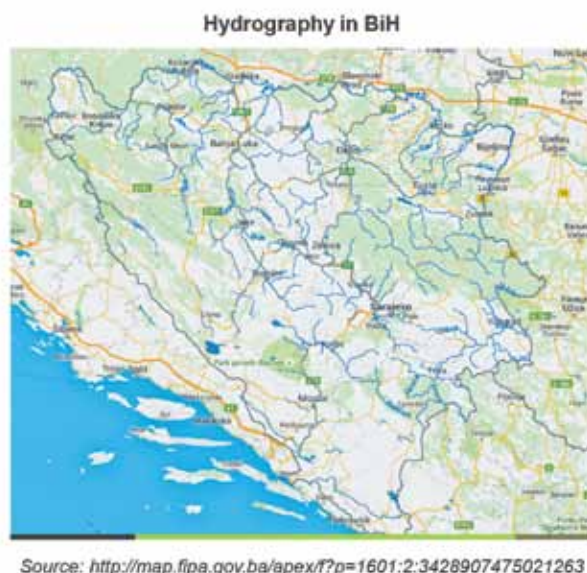
The varying climatic conditions offer wide possibilities for land farming, agricultural production and cultivation of different crops: fruit, vegetables and vine growing, forage crops growing and livestock production.



VARIETY OF HIGH QUALITY PRODUCTS READY FOR EU AND WORLD MARKET COMPETITION

The most convenient fruit-growing regions are the hilly and hilly-mountainous regions, also regions along the rivers (Sava, Bosna, Drina, Una, Neretva, and others), abundant in sunny sites with the right type of well-drained soil, and the Mediterranean region (Southern BiH).

Currently, there are an estimated 24 million trees of plums, pears, apples, cherries, peaches, walnuts and other fruit, and 13.5 million of grape vines for processing, sale at a local market, and export. Due to favorable climatic and economic conditions for berry fruit production (raspberries, strawberries, blueberries, blackberries and chokeberry), the area of more than 2,500 ha planted with berries is increasing every year.



The increased interest in indoor vegetable production can be noticed all over the country, with production of a high quality potatoes and cabbage, as well as rye, barley, oat, fruit berries etc.

Around 1,800 ha of greenhouses area in BiH is located mainly in the South (Herzegovina region), Northwest (Una-Sana Canton) and Northeast of BiH. Protected area for growing vegetables and berries is increasing by about 20 ha every year.

FRUIT & VEGETABLE SECTOR PERFORMANCE HIGHLIGHTS

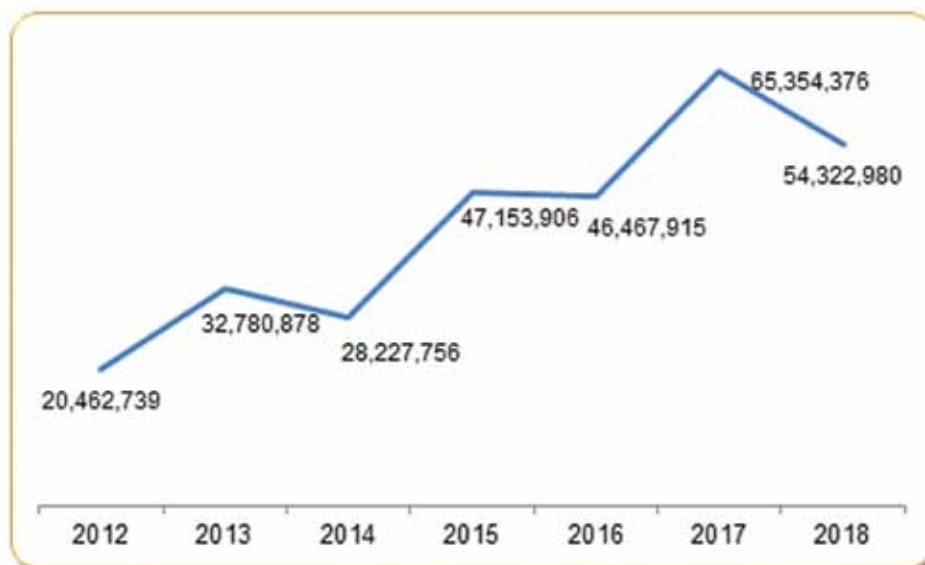
Significant growth of trees number, as well as a growth in production (kg/ tree) had plums (with 12.5 million trees), apples (with 7.3 million trees) and pears (with 2.8 million trees). The number of grape vine trees of 15.7 million is decreased by 3.2%, but grape yields per vine tree increased for 52.9%. According to data on harvested areas and the production of early crops and fruit, 1.288 ha was sown with strawberries, (yield per hectare of 7.6 tons) and 3500 hectares with raspberries (an increase of 6.2% compared to 2017 and 13% increase in yields to 7.8 tons per hectare).

In 2018 there were 893.692 cherry trees, 552.130 sour cherry trees and 107.383 apricot trees. Production of figs in 2018 was 893.5 tons (11.6 kilograms per tree), which is 31.8 % higher than in the previous year. At the same time, yield of olives was more than doubled and in 2018 with 610.3 tons or 9.4 kg / tree.

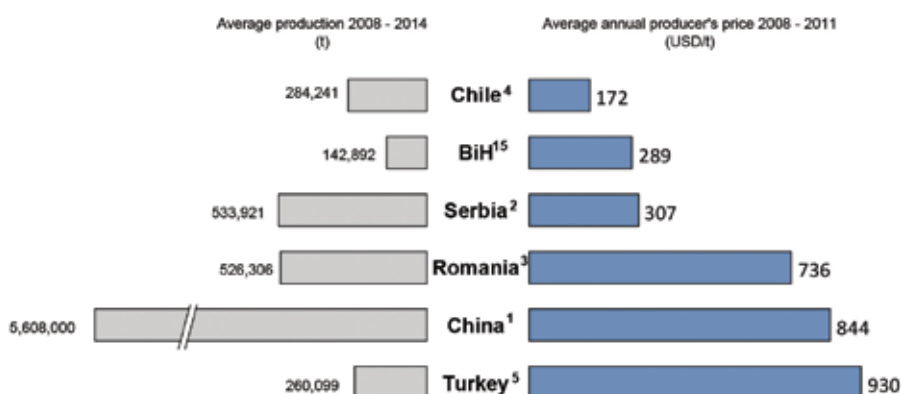
- BiH has lowest production costs against world leading producers for raspberry, plum, cabbage, and among the lowest for green peppers and cucumbers.
- BiH cucumbers and gherkins export potential is nearly 6,000 tons annually.
- BiH can export fruits & vegetables to EU freely.

EXPORT OF FRESH, FROZEN AND DRIED FRUITS

- According to data from Foreign Trade Chamber, in 2018 BiH exported 32.703 tons mostly in Serbia, Germany and Russian Federation.
- According to the data presented by USAID / Sweden FARMA II Project, in 2018, frozen raspberries have been exported in record amount of 23,458 tons.



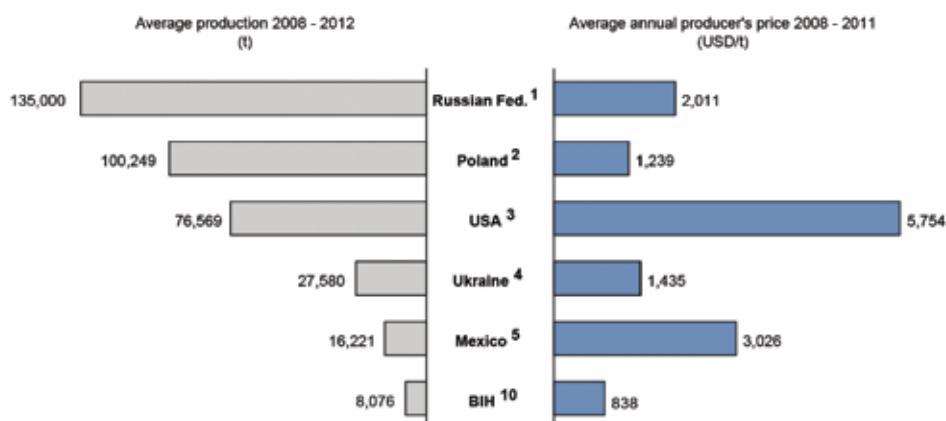
Plums and Raspberries: BiH among top world producers



BiH holds 15th plums production place in 2012, with average production yield of 142,892 t/year and producers price 289 USD/t

Source: FAOSTAT

Top world's plums producers



BiH holds 10th raspberries production place in 2012, with average production yield of 8,076 t/year and producers price 838 USD/t

Source: FAOSTAT

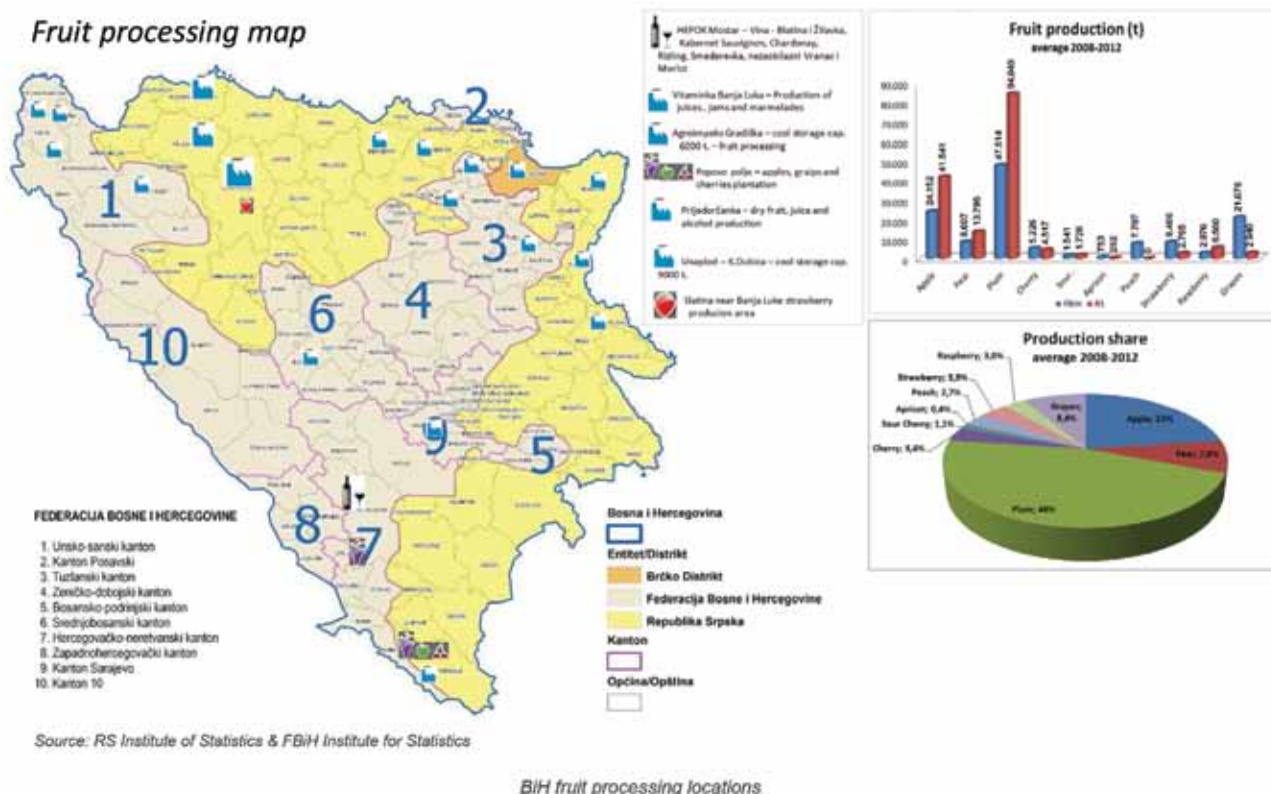
Top world's raspberries producers



FRUIT PROCESSING

- Industrial processing of fruit in BiH involves mainly fruit drying and production of fruit juices (or concentrates), syrups, jams and marmalades.
- Harmonized System - 4 level analyses showed that some fruit categories (frozen fruits & nuts and jams, fruit jellies & marmalades) have above average advantage in EU and World markets.
- About one third of fruit juices are imported, as a local production cannot meet the local demand.
- There are approximately 20 fruit and vegetable processors in BiH.

COMPANY	PRODUCTS	CONTACTS
APIFRUCHT, Sanski Most	HQ apple, pear, quince and strawberry juices	www.apifrukt.ba
ECO-LINE d.o.o. Mostar	HQ production of fruit syrups from wild rosehip, sage and elderberry	www.ecoline.ba
EIN NATURAL d.o.o. Sarajevo	HQ natural juices without preservatives, sugar and water	www.sok.ba
HEKO d.o.o. / H&H Fruit, Bugojno	HQ planting and processing, storing and sale of berry fruits	www.heko.ba
ZZ INSIEME, Bratunac	HQ jams & juices from blueberry, raspberry, blackberry and forest fruits	www.coop-insieme.com
KUĆA PRIRODE d.o.o., Ilidža	HQ fruit juices without preservatives, sugar and water	www.kucaprirode.ba
PRIJEDORČANKA AD, Prijedor	Concentrated fruit juices, aseptic puree, frozen and dried fruits	www.prijedorcanka.com
VITAMINKA, Banja Luka	Fruit juices, syrups, jams and marmalades	www.vitaminka-kreis.com



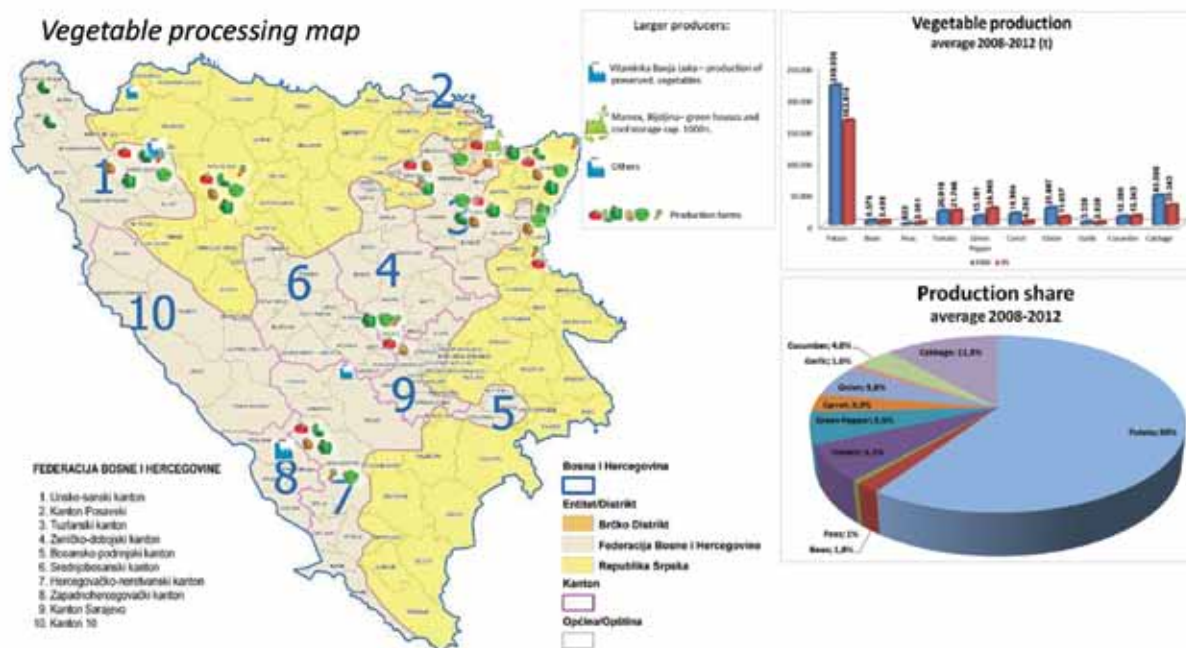
WINE

The culture of winegrowing and wine production in Bosnia and Herzegovina dates back to the period of the Illyrian and the Thracians, who introduced the grapevine seedlings to the Balkans. Herzegovinian winemakers aspire to be recognized for Žilavka and Blatina as unique grape varieties in the world of wine and to present themselves to the world through the wine that captures the savor of the soil and the fervency of the Herzegovinian sun. The BiH wine growing takes place in Herzegovina region near City of Mostar and area of Municipalities of Čitluk, Stolac, Ljubuški, Trebinje and Čapljina. Wine producers from Bosnia and Herzegovina have won numerous awards from the most prestigious and acclaimed competitions in the wine industry.



Bosnia and Herzegovina winegrowing areas

Vegetable Processing



Source: RS Institute of Statistics & FBiH Institute for Statistics

BiH vegetable processing locations

INVESTMENT OPPORTUNITIES IN FRUIT & VEGETABLE VALUE CHAINS

Strong potential to aggregate smaller producers and collect larger quantities of high quality products for export. Cooling and processing - Capitalizing on BiH's high quality products

- Despite a considerable amount of cooling and processing centers in BiH, these remain small capacity limiting the country's production potential of various fruit and vegetables.
- Concentration of these centers is currently around the key production areas but many are limited to private owners' production needs.

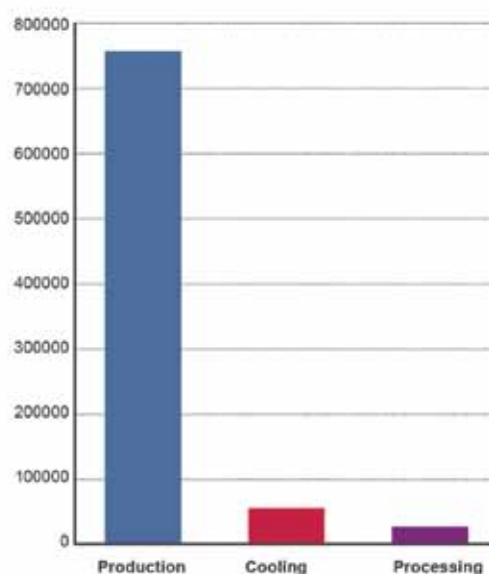
The graph below shows the huge disproportion between production of fruit and vegetable, and existing cooling and processing capacities. Investments in cooling and processing capacities in BiH represent a significant opportunity for investors.



Cool storages & processing capacities
for fruits & vegetables in BiH



Fruits & vegetable production vs.
cooling & processing capacities (tons)



MILK

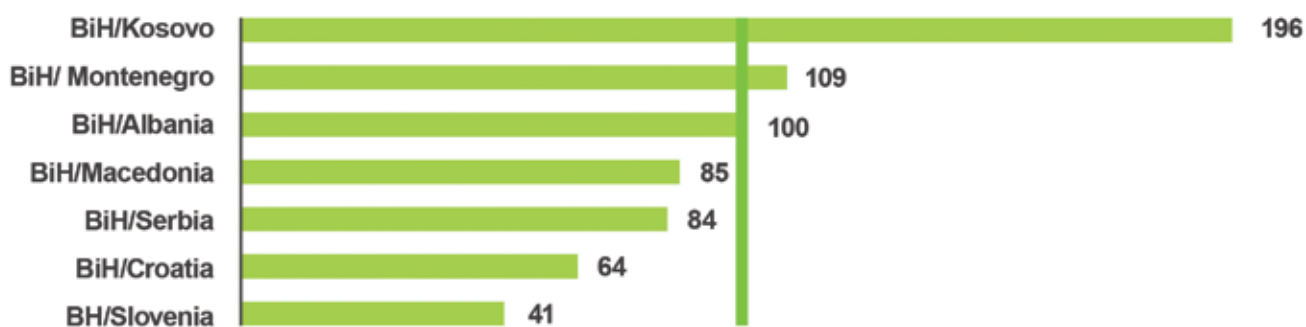
- Nowadays, dairy sector is recording achievements and development in most of the indicators; however, the yield is still low in comparison with the EU neighboring countries.
- BiH has 100 dairies with total production capacity of 2 million liters/day.
- Approximately 45 dairies exceed capacity of 1,000 liters/day and 10 dairies exceed capacity of 100,000 liters/day.

Milk production	Unit	2013	2014	2015	2016	2017	2018
Cow's milk	000 litres	666.872	665.208	674.032	701.000	660.000	650.243
Ewe's milk	000 litres	15.561	16.328	15.587	16.132	16.006	14.915
Goat's milk	000 litres	7.004	7.469	7.665	7.696	6.868	7.362

Source: Entity Institute for Statistics

Directorate for Health, Food, Audit and Analysis of the European Commission in March 2016, approved the export of milk to the EU market for eight BiH dairies: Milkos - Sarajevo, Dairy - Livno, Meggle - Bihać, Mlijekoprodukt - Kozarska Dubica, Puđa - Livno, Euro Food - Sarajevo, Poljorad - Travnik and Milk Industry 99 - Gradačac. According to Foreign Trade Chamber data, exports of Milk and Milk products in 2018 amounted 45,50 million € and is increased by 17 % related to 2017. At the same time the coverage of imports with exports is increased from 54 to 58 %. Montenegro market remained top position on the list of exporting countries. In August 2018 BiH obtained a license for export products from the A and B List to European Union (which includes products of pasteurized milk).

Cow milk yields (Indices for compared countries are 100)



Source: BiH Agency for Statistics, RS Institute of Statistics, statistics of World Bank and European Commission

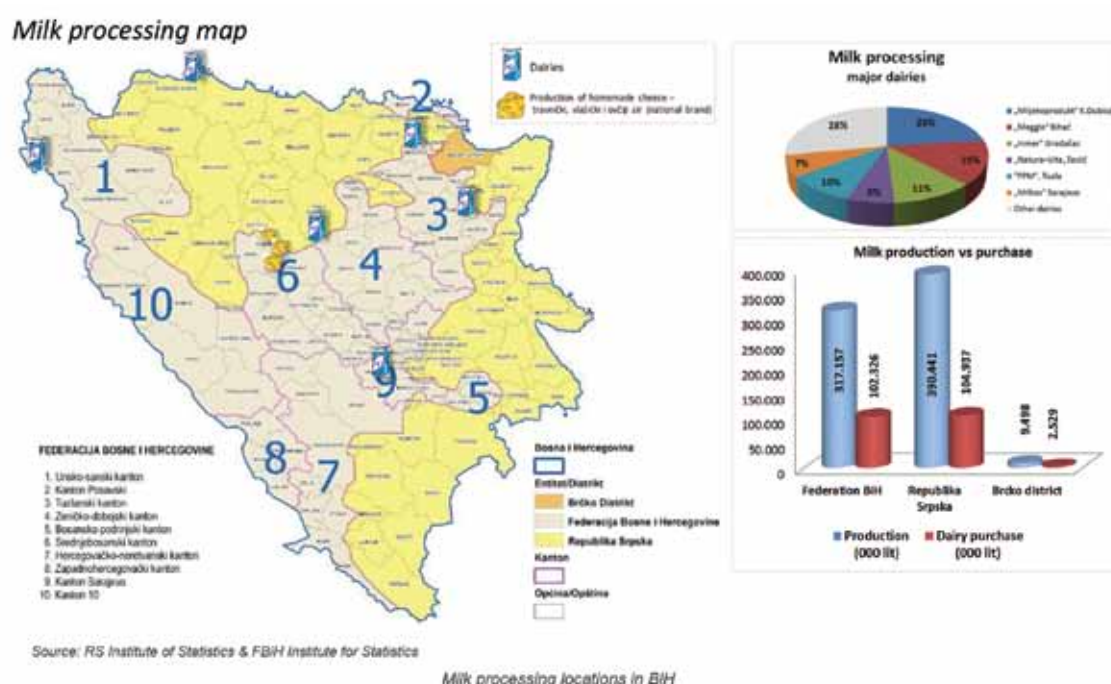
COMPANY	CONTACTS
MLIJEKO PRODUKT, Kozarska Dubica	www.mlijekoprodukt.com
MEGGLE MLJEKARA, Bihać	www.meggle.ba
MILKOS, Sarajevo	www.milkos.ba
ZOTT See d.o.o. Gradačac	/
LACTALIS BiH, Gradačac	www.dukat.ba

Market leaders in BiH in milk production and processing

The companies have HACCP and ISO, and some also Halal certificates.

MILK PROCESSING

The dairies produce mainly high-volume, fast-turnover, low margin products like fluid milk. Only a few dairies produce value-added products such as the aged cheese. As a result, most value-added milk products are imported from neighboring countries or the EU.



INVESTMENT OPPORTUNITIES IN DIARY VALUE CHAIN

Bosnia and Herzegovina currently processes far less than one quarter of its total milk production and with demand for dairy products such as cheese, yoghurt and other milk probiotic products expected to rise by 20% over the next 5 years in the region, the country offers an excellent opportunity for added processing.

Companies such as Lactalis, Meggle, Danube Foods Group BV, DACHSER GmbH & Co. KG, Intereuropa (Hellman Logistics), HIPP GmbH and Vitaminka (Kreis Industriehandel AG), have already taken advantage of Bosnia and Herzegovina's potential.

FIELD CROPS

Northern parts of the country and river valleys are particularly suitable for field crops production, including cereals, industrial crops, vegetables, feed crops etc. as well as for intensive commercial cattle rising for fattening, meat and dairy production. The largest part of arable land is under cereals. Forage production holds second and vegetables third place. Roughly, forage is produced on 30% of arable area (clovers, alfalfa, grass-legume mixtures and maize for silage) and on 1,400,000 ha of permanent grasslands which are mostly in hilly and mountainous areas.



Harvested area (000 ha)	2012	2013	2014	2015	2016	2017	2018
Cereals	292	303	272	299	319	521	318
Oilseeds	5,2	5,3	5,2	8,4	8,7	15	14
Fodder Crops	130	126	125	127	129	134	126
Vegetables	72	72	68	70	71	72,5	69
Production (000 t)							
Cereals	870	1224	1080	1135	1658	1112	1734
Oilseeds	7,3	9,8	11	12,7	23	20	37,7
Fodder Crops	646	799	916	854	1030	714	1064,5
Vegetables	528	682	533	631	780	621,3	693

Source: FAOSTAT, BiH Agency for Statistics

BAKERIES, FLOUR MILLS AND EDIBLE OIL PRODUCTION

Market leaders (flour mills/bakeries) are KLAS and SPRIND, both belonging to MIMS Group from Sarajevo. Also, there are a number of small and medium sized companies.

BIMAL Brčko is BiH's sole edible oil producing company, with crushing, refining and bottling capacities.

SUGAR FACTORIES, SUGAR PRODUCTION

Companies STUDEN and AGRANA from Austria, have built a sugar refinery in Brčko District of BiH, STUDEN - AGRANA RAFINERIJA ŠEĆERA.

After 18 years of stand still, the sugar plant of FABRIKA ŠEĆERA in Bijeljina started operating again in 2010. The plant daily processing capacity is 4,000 tons of sugar beet and production of 500 tons of sugar.

BiH still has some unused customs-free quota for export of sugar to EU.

MEDICINAL AND AROMATIC PLANTS, HONEY, MUSHROOMS AND WILD FOREST PRODUCTS

Bosnia and Herzegovina has long tradition in collecting and cultivating of:

- Medicinal and aromatic herbs
- Wild berries
- Mushrooms

A very rich biodiversity of medicinal and aromatic plants and mushrooms in Bosnia and Herzegovina has the potential to contribute substantially to the national economy.

- It is assessed that BiH has over 700 species of medicinal and aromatic plants of which around 200 are exploited (balm, immortelle, juniper, chamomile, lavender, mint, rosemary, sage, savory, etc.)
- The annual harvesting of medicinal and aromatic plants in BiH varies from 1,500 to 9,000 tons.

Diversity of climate and vegetation, clean environment and tradition in beekeeping are good preconditions for the production of high quality honey in BiH. The main beekeeping products are honey, beeswax, royal jelly, pollen, and bee venom.

- Several varieties of honey are produced in BiH depending of geographical regions. Sage, heather, Jerusalem thorn, Dalmatian laburnum and tangerine honey is produced in the southern part of BiH, and chestnut, sunflower, alfalfa and acacia honey in the northern part of BiH.

- Beekeeping accounts for 1% of the total agricultural production in BiH. Total honey production in BiH cannot cover needs of the local market.

Significant producers & potential strategic partners in BiH in medicinal and aromatic plants, wild berries and mushrooms:



COMPANY	PRODUCTS	CONTACTS
ABC MAHIĆ, Bosanska Krupa	Herbal tea, oils, drops, syrups and honey	www.abc-mahic.ba
AROME, Mostar	Lavender and rosemary planting and processing	www.arome.ba
BIONATURA, Breza	Organic cereals, flour, pasta, mushrooms, berries, flakes	www.bionatura.ba
CYDONIA, Gračanica	Herbal cosmetics, medicinal products, plant extracts	www.cydonia.com.ba
ELMAR-AROMA CAR, Bileća	Medicinal and aromatic plants processing	www.elmar-aromacare.com
HEKO, Bugojno	Mushrooms and wild berries	www.heko.ba
LAMARUŽ, Soviči	Soaps from medicinal plants	www.lamaruz.com
HERCEG MED, Trebinje	Natural honey	www.herzegmed.ba
BILJANA, Maoča	Medicinal and aromatic herbs and tea	www.biljana.com.ba
ČELIKOVIĆ, Bihać	Medicinal herbs, tea, drops, syrups, creams	www.celikovic.com
FAVEDA, Sarajevo	Medicinals tea, tinctures, extracts, ointments, creams	www.faveda.ba
FRUTTI FUNGHI, Visoko	Mushrooms	www.frutti-funghi.com
HALILOVIĆ, Sarajevo	Medicinal and aromatic herbs, mushrooms, essential oils	www.bio-halilovic.com
LJEKO BILJE, Trebinje	Seeds and seedlings of medicinal herbs, tea, oils	www.rico.co.yu
PLANTAGO, Laktaši	Medicinal and aromatic herbs, forest fruits and tea	www.plantagocajevi.com
ROING, Ljubuški	Spices, aromatic & medicinal plants and essential oils	www.roing.net
SMRČAK, Zvornik	Mushrooms and forest fruits	www.smrkak.co.nr
BELLADONNA, Laktaši	Elixirs from medicinal herbs and forest fruits	www.belladonna.ba
KAP PO KAP, Laktaši	Processing of agricultural and forest fruits	www.kappokap.com
PHARMAMED, Travnik	Herbal medicinal products and cosmetics	www.pharmamed.ba
ŠUMSKI PLOD, Prozor-Rama	Mushrooms, other forest products	sumskiplod@hotmail.com
VEXTRA, Mostar	Tea, herbal drops and cosmetics	www.vextra.ba

LIVESTOCK PRODUCTION SYSTEMS

Livestock production has a great significance for BiH agriculture considering the available natural resources and the number of people engaged in the production. BiH has long tradition in collecting and cultivating:

- Lamb meat and baby beef production
- Meat processing (in particular dried and smoked meat)
- There are more than 30 meat processing companies in BiH, most are small-scale size.
- Only a half of the installed production capacity of the 11 largest meat processing companies

Livestock numbers and production (live weight) for period 2012-2018

Livestock/product	Unit	2012	2013	2014	2015	2016	2017	2018
Number of Units								
Cattle	000 head	445	447	444	455	455	69	56
Goats	000 head	65	69	74	73	74	84	96
Sheep/ewes	000 head	1 005	1 020	1 025	1.020	1.016	123	102
Pigs	000 head	539	530	533	564	112	40.578	41.846
Poultry	000 head	19. 401	24.736	20.664	22.248	38.500	40.578	40.578
Slaughtered livestock & poultry								
Cattle meat	000 tons	22.9	17.2	11.4	22.85	16	15.5	11.54
Pig meat	000 tons	15,7	10,2	9,6	8,5	8	9	7.2
Poultry meat	000 tons	53,8	41,6	43,4	48,7	59	62	64.3
Sheep/goat meat	000 tons	2.3	1.5	1.5	1.4	1.27	1.3	1.47

Source FAOSTAT and Agency for Statistics of BiH



COMPANY	CONTACTS
AKOVA IMPEX d.o.o. Sarajevo	www.akovagroup.com
ASJA d.o.o. Široki Brijeg	www.asja.ba
MENPROM, Tuzla	www.menprom.ba
PERUTNINA d.o.o., Breza	www.perutnina.com
MI RAKITNO, d.o.o. Posušje	www.sisovic.com
ARGETA d.o.o. Sarajevo	www.argeta.com
BRAJLOVIĆ, Sarajevo	www.brajlovic.ba
BROJLER, Sarajevo	www.brojler.ba
NATURA VITA, Teslić	www.naturavita.ba
BAJRA, Travnik	www.bajra.ba
MI TULUMOVIĆ, Banja Luka	www.tulumovic.com

Market leaders in meat processing in BiH

The companies have HACCP, ISO and HALAL certificates.

FISH FARMING

Abundance of the clear, unpolluted rivers and streams that cross the country presents huge potential for both family owned and industrial size fish farming production. Fish farming is already developed, especially trout and carp rising.

Fish species:

The most important fish species in the aquaculture sector in Bosnia and Herzegovina are:

- Salmon species: rainbow trout, brown trout, and brook trout
- Cyprinid species: common carp, grass carp, silver carp and welsh catfish
- Marine species: European seabass gilthead sea bream and common dentex
- Mollusks: Mediterranean mussel and European flat oyster

Farming systems distribution and characteristics

In Bosnia and Herzegovina, fish farms are generally distributed in three main regions.

- In Northern BiH there are 5 cyprinid fish farms with a total area of 3,276 ha.
- In the River Neretva and the River Vrbas there are 40 concrete salmonid fish farms of 8.5 ha and 14 floating cage fish farms of 8.1 ha.
- Marine aquaculture in 2 cage farms, with a total area of 3.6 ha, is located in Neum, a town on the Adriatic coast.

COMPANY	SPECIES	CONTACTS
TROPIK RIBARSTVO, Banja Luka	Salmonide	www.tropicribarstvo.ba
RIZ KRAJINA Ribogojilište, Bihać	Salmonide	www.riz-krajina.com
JEZER, Mrkonjić Grad	Salmonide	www.bistrobih.ba
KRUPIĆ, Prozor-Rama	Salmonide	www.bistrobih.ba
OKAŠNICA-OVAKO, Bugojno	Salmonide	www.bistrobih.ba
SALMON, Ljubuški	Salmonide	www.bistrobih.ba
RIBA NERETVA, Konjic	Salmonide	www.bistrobih.ba

Salmonide fish farms

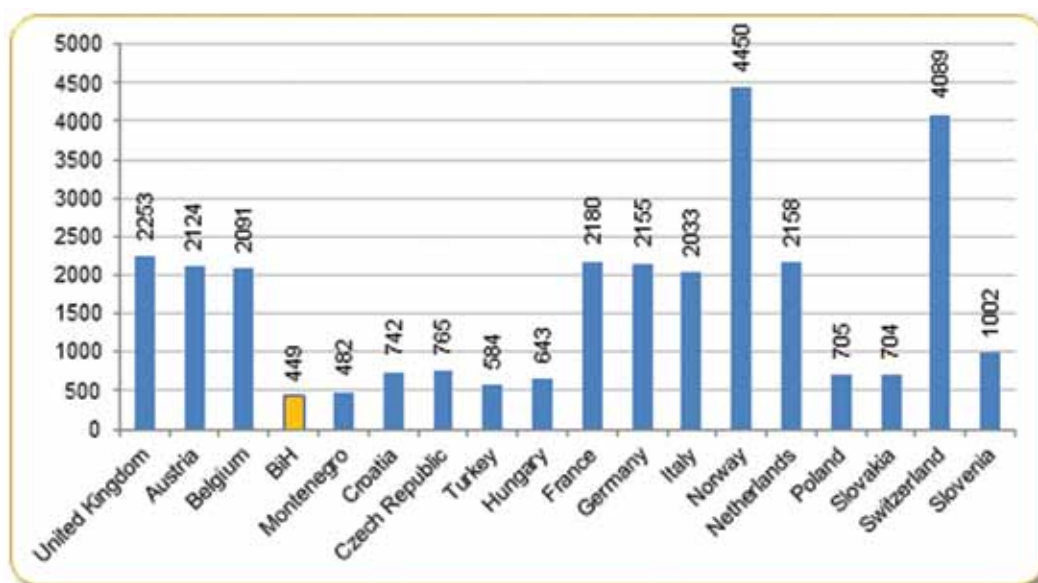


FAVORABLE BUSINESS ENVIRONMENT AND COMPETITIVE OPERATING COSTS

National treatment of foreign investors, VAT rate of 17% and corporate income tax rate of 10% amongst the lowest in the region and in Europe, and a liberal foreign trade regime, render BiH attractive and price competitive location for your future investment in the sector of agriculture and food processing.

LABOR

Agriculture employs about 15% of the available labor force. All profiles of highly qualified and experienced workforce (engineers, technicians, skilled workers) required in agriculture and food processing industry are available under competitive costs, particularly when compared to the EU.





OPERATING COSTS - SIGNIFICANTLY LOWER THAN IN EU

MOBILE PHONE SERVICES - INTERNATIONAL TALKS WITH:

- Neighboring countries 0.153 to 0.225 EUR/min.
- Other EU countries 0.353 EUR/min.
- Pan-European Countries - 0.353 to 0.457 EUR/min.

ELECTRICITY: low tariff 0.05 - high tariff 0.10 €/kWh

AVERAGE FUEL PRICES : Euro diesel; Petrol 98 octanes and Petrol BMB 95 octanes: 1.176 €/l

WATER COSTS: Average price: 0.511 €/m³

NATURAL GAS: Average price: 0.358 €/m³

Source: Agency for Statistics of BiH - Average price, September 2018

MONTHLY PRICES OF BUYING/LEASING OFFICE/PRODUCTION SPACE :

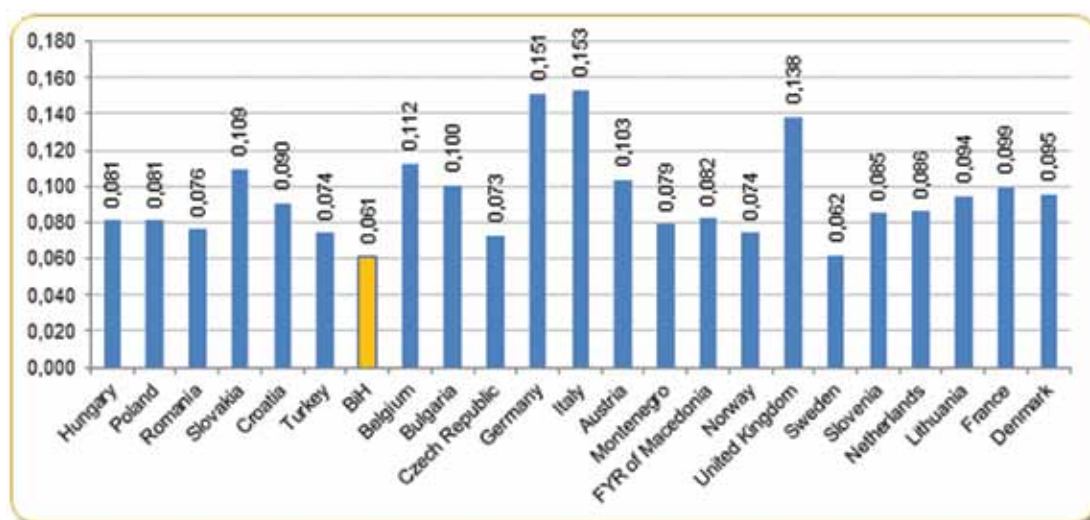
- Renting production building: 2 €/m² - 10 €/m²
- Buying production building: 20 €/m² - 1,000 €/m²
- Renting office space: 5 €/m² - 20 €/m²
- Buying office space: 500 €/m² - 3,000 €/m² depending on location
- Leasing Production Building: 2 EUR/m² - 10 EUR/m²
- Buying Production Building: 50 EUR/m² - 1,000 EUR/m²

BUYING PRICE OF LAND:

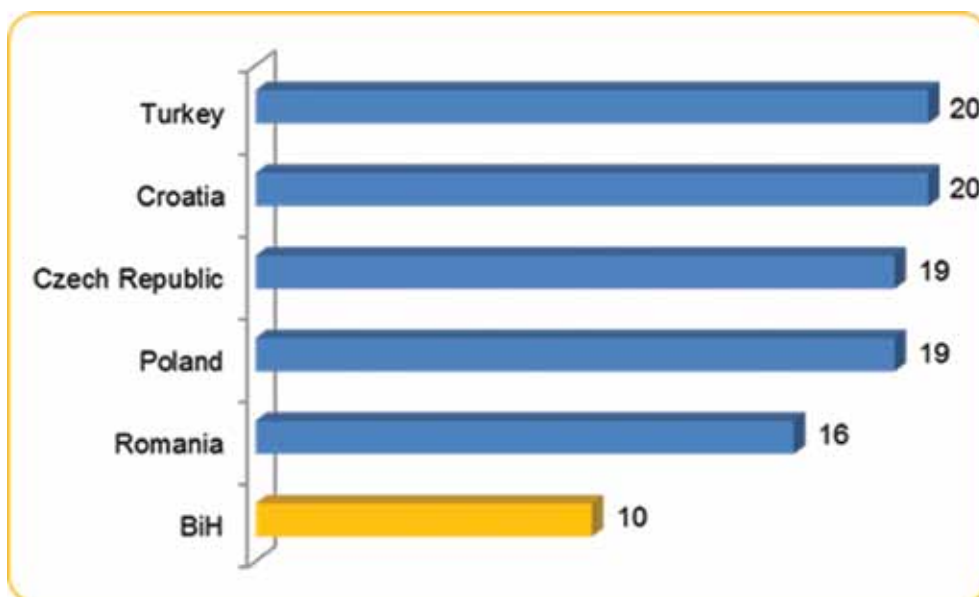
- Agricultural Land: 2 - 25 €/m²
- Construction Land: 25 - 700 €/m²

Source: Real Estate Agencies

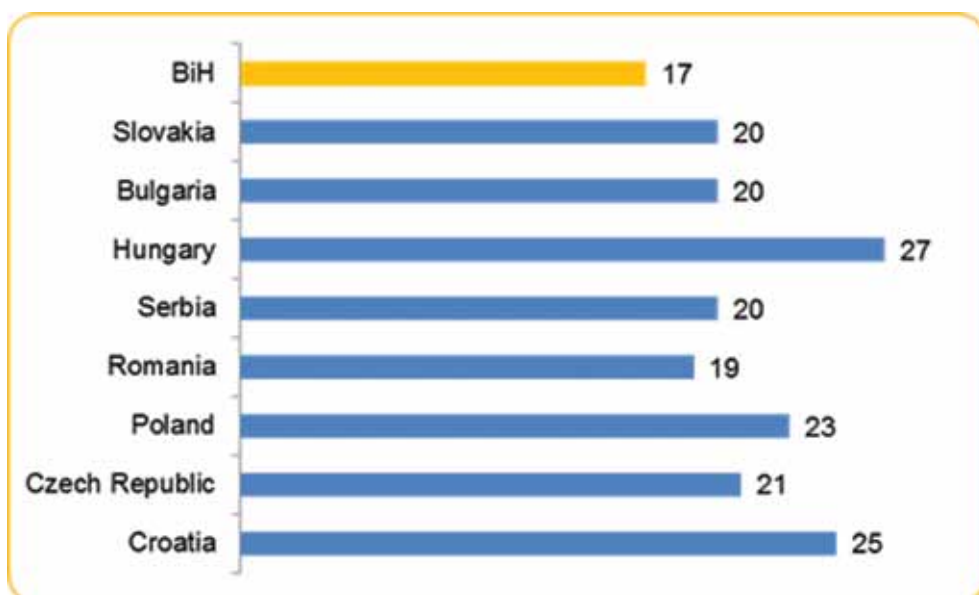
HALF-YEAR ELECTRICITY COST FOR INDUSTRY IN 2018 (EUR/kWh)



VALUE ADDED TAX (VAT) AND CORPORATE INCOME TAX (CIT) ARE AMONG THE LOWEST IN THE REGION AND EUROPE



VALUE ADDED TAX





AGRICULTURAL FAIRS IN BOSNIA AND HERZEGOVINA

- EKOBIS - Bihać /September/
- INTERAGRO - Bijeljina /September/
- PLUM FAIR - Gradačac /August/
- ZEPS - Zenica /October/
- BEEKEEPING FESTIVAL - Sarajevo /June/
- FESTIVAL OF TEA&HERBS - Sarajevo /June/
- AGROS - Banja Luka /September/
- INTERNATIONAL ECONOMY FAIR Mostar /April/

USEFUL CONTACTS

Ministries

- Ministry of Foreign Trade and Economic Relations (MoFTER) - **www.mvteo.gov.ba**
- Veterinary Office of Bosnia and Herzegovina - **www.vet.gov.ba**
- Ministry of Foreign Affairs of B&H - **www.mfa.ba**
- Federal Ministry of Agriculture, Water Management and Forestry - **www.fmpvs.gov.ba**
- Ministry of Agriculture, Forestry and Water Management of Republika Srpska - **www.vladars.net**

Chambers

- Foreign Trade Chamber of B&H - **www.komorabih.ba**
- Chamber of Economy of Federation of B&H - **www.kfbih.com**
- Chamber of Economy of Republika Srpska - **www.komorars.ba**

Associations

- Association Organic Control - **www.organskakontrola.ba**

Web Portals

- **www.poljoprivreda.ba**
- **www.agrolink.ba**

AGRICULTURE SECTOR PROJECTS IN BOSNIA AND HERZEGOVINA



Beekeeping projects in Bosnia and Herzegovina:

- Beeswax comb foundation, Konjic
- Organic honey, Sanski Most
- Regional beekippingcentre, Trebinje
- Apiculture in Herzegovina Neretva Canton
- Bee venom, Vogosca

Dairy projects in Bosnia and Herzegovina:

- Rama Municipality
- Goat farm EKO KOZA, Mostar
- Dairy construction, Prnjavor
- Goats farm Capra Animi, Prnjavor
- Goat farm Zepa, Rogatica
- Raw milk and milk products Mokro, Pale

Beverage projects in Bosnia and Herzegovina:

- Drinking water, Jablanica Municipality
- Kula water factory, Mokro Pale
- Berry juice, Ribnik
- Bottling and distribution of premium spring water, Muska voda Kladanj
- Homemade brandy, Kozarska Dubica

Livestock projects in Bosnia and Herzegovina:

- Sheep breeding, Municipality of Konjic
- Agricultural and meat production, Bugar Bihac
- Slaughterhouse and meat processing, Orasje
- Development goat farming, Posusje
- Expanding the capacity of cattle per cow-calfsystem, Tomislavgrad and Kupres
- Meat industry Semko, Visoko
- Goat farming and processing of goat milk, Celinac

Herbs & Grains projects in B&H:

- Medical,aromatic and spice herbs, LjekobiljeTrebinje
- Medicinal herbs, mushrooms and wild berries, Konjic
- Plantation of Helychrisumitalicum, Mostar
- Indigenous grains and oilseeds, Bosanski Petrovac
- Cultivation of medicinal herbs, Mostar
- Production of flowers and seedlings in greenhouses, Zenica

Fruit & Vegetable projects in Bosnia and Herzegovina:

- Fruit and vegetables cold store, dressing and conversation ,Gorazde
- Fruit and vegetable processing mill, Bajric Bugojno
- Fruit and vegetable production and cold store, Gracanica
- Fruit species nursery and raspberry plantings, Konjic
- Fuit and vegetable processing plant, Ljubinje
- Greenhouse production, Sanski Most
- Table grapes Mostar
- Fruit processing, Visegrad
- Drying of fruit,vegetables,mushrooms& herbs, Visoko
- Vegetable seedlings, Vogosca
- Agrocentar, Kozarska Dubica
- Fruit and vegetable cold store, Gracanica
- Construction of mini cold storage, Milici
- Preserving of fruits by cooling and drying, Celinac
- Fruit and Vegetable Cold Storage- Teslic

Poultry projects in Bosnia and Herzegovina:

- Organic chicken fertilizer in pellet form, Orasje
- Poulety meat, Brojler Sarajevo
- Poultry slaughterhouse, KartonkaSirokiBrijeg
- Broiler farm, Prijedor
- Organic production of turkey meat, Brcko
- Poulety farm, Travnik

Food centre projects in Bosnia and Herzegovina:

- Fruit and vegetable cold store, Gradacac
- Regional food centre, Sarajevo
- Production of rodenticides and insecticides, Bijeljina
- Agrocentar, Gornji Vakuf Uskoplje

Fish Farm projects in Bosnia and Herzegovina:

- Fish Farm for Trout breeding, Blagaj
- Fish Farm Laks, Mostar
- Fish farm Slap, Zepa-Rogatica

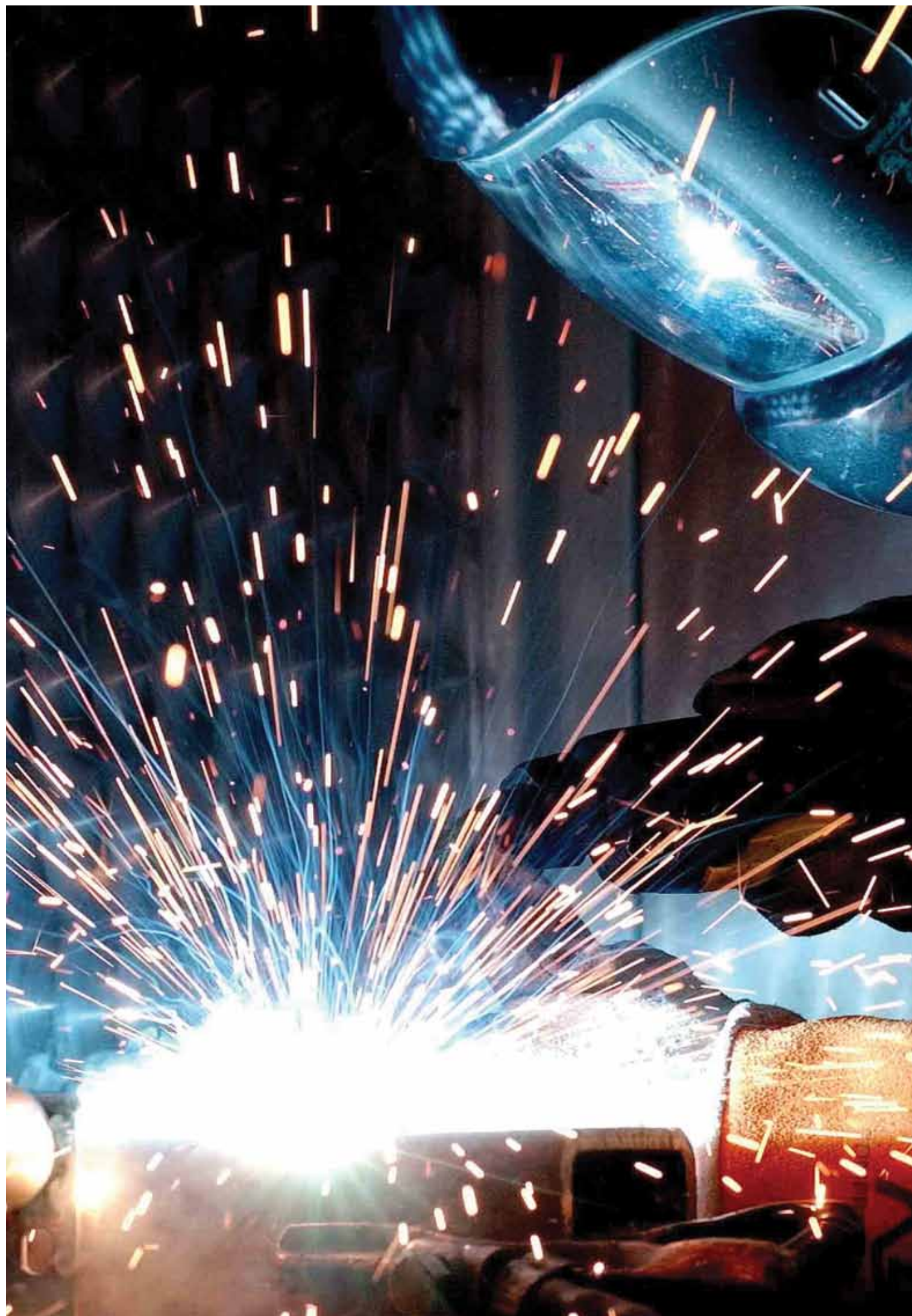
Other agriculture and food processing projects proposed by Entities' Governments:

REPUBLIC OF SRPSKA

- Building a Fruit and Vegetable Cold Storage, Teslic
- Factory for Water Bottling and Flavoring and Refreshing Drinks Kozincic Wellspring, Krupa na Uni
- Fruit and vegetable processing and packaging Laktasi
- Improvment of production and processing of certified seeds od mayor types of field and vegetable crops in the RS
- Project Soca cultivation of shiitake and champignons in an underground facility, Novo Goražde
- Revitalization of the production of seed potato and small grains seed and forage crops, Sokolac
- The production of organic food based on fruit and vegetables Gradina Novo Gorazde

FEDERATION OF BOSNIA AND HERZEGOVINA

- Reproduction center for restoration of livestock
- Manufacture of greenhouse structures
- Revitalization of the company Agrokomerc
- Cattle and Goat Farm, the Una-Sana Canton



METAL SECTOR IN BOSNIA AND HERZEGOVINA

BUSINESS ENVIRONMENT

Although a small country Bosnia and Herzegovina's business environment is a very attractive and perspective for new investments and new adventures.

Geographically, B&H is very close to the strongly developed EU market and its borders are widely opened for export-import of different types of goods and its transport. Already signed free trade agreements, membership within CEFTA and preferential export regimes facilitate free trade with the countries all over the world and open up a wide range of investment options primarily focused to the metal processing sector.

Comparing existing capacities with approximately 25 to 30 000 employees to the period before 1992 when 200 000 people worked, conclusion is that metal processing sector possibilities are only 50% used comparing to the existing production capacities so it definitely offers a great opportunities for foreign investments.

BACKGROUND AND CURRENT SITUATION

The metal sector in Bosnia and Herzegovina, as a predominantly export-oriented is primarily depending on the EU and world trends. We are currently in the period when prices of iron ore are failing but we can hope that the macroeconomic framework for the development of the metal sector in B&H would be more favourable.

Nevertheless, the metal sector has shown some elements of competitiveness in the past, as evidenced by the large share of total B&H exports.

Actual situation and main indicators for the sector show the following:

Indicators u MS	2013	2014	2015	2016	2017	2018
GDP Share	3.31%	2.99%	3.36%	3.59%	-	-
Export Share	34.0%	34.2%	35.1%	33.4%	34.3%	36.3%
No. of companies	1,162	1,111	1,082	1,114	1,110	1,163

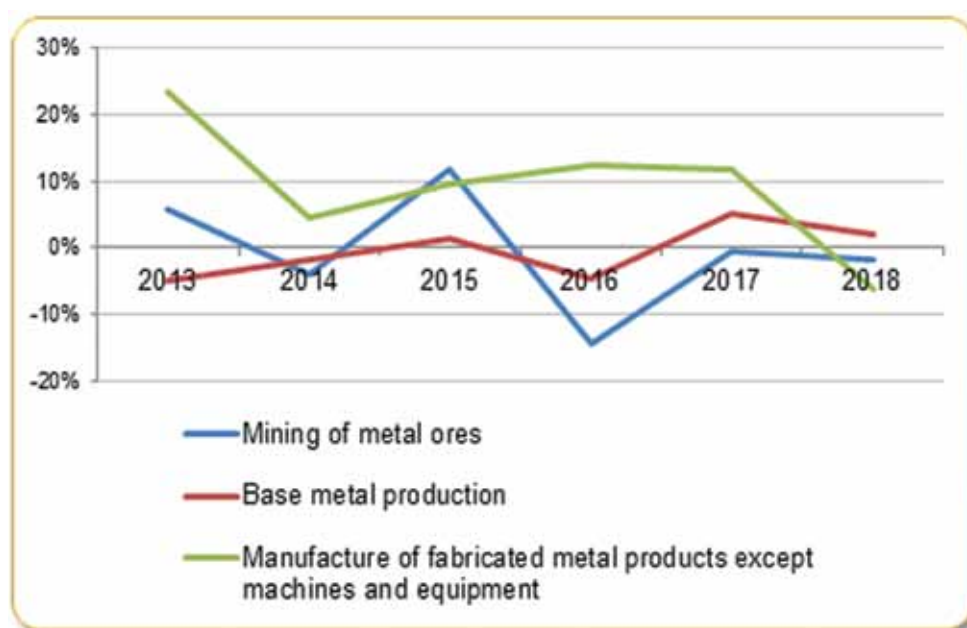
Source: Agency for Statistic and Foreign Trade Chamber of B&H

B&H metal processing has traditionally been one of the strongest bh sectors by offering a strong human and resources base as well as a long tradition enabling sustainable development of various value-added businesses, export oriented in particular.

First industrial capacities of the metal sector developed from the craft workshop for maintenance of the coal mine equipment and salt.



GDP indexes for Basic Activities of Metal Sector



Source: Agency for Statistics B&H

WHY TO INVEST IN B&H METAL SECTOR

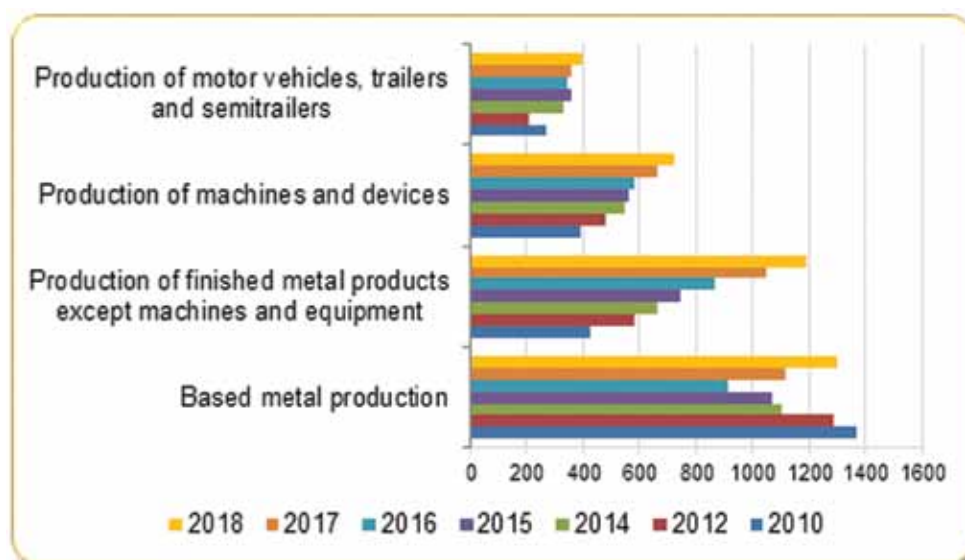
B&H metal sector has permanent and robust production growth rate of over 10% within the past few years, being strongest exporter in B&H economy. Metal industry is one of the most important industrial sectors of the whole region based upon the following data:

- Long tradition in the metal processing industry
- Developed advantages at the international market
- Abundance of production facilities and industrial zones
- Skilled and affordable labour force
- Available production capacities
- Rich in mineral resources
- Export oriented sector (app. 34% of the total export)
- No restrictions for foreign partnership with domestic companies

EXPORT AND STRATEGIC OBJECTIVES FOR EXPORT DEVELOPMENT OF METAL SECTOR

Metal sector is the most important exporter in bh structural export. Entire manufacturing is generally focused towards export since the local market is not in a position to generate a request for many products of the mentioned sector.

Leading export products of the metal sector in Bosnia and Herzegovina are metals – aluminium and steel. Although it is still leading export of those products, metal products have a significant development potential. Positive results in a sub-sector „production of the machines and devices” for the period 2013 – 2018 (export and production increase) are definitely noticed. Additional reorganization at the company level and new investments in technology, are requested in order to improve the export and to reduce the import within the sector.



Source: Agency for Statistics B&H and Statistics of the foreign trade

Export share for 2018 is slightly changed comparing to previous years, but a little bit less comparing to 2012 in base metal production.

Next table shows main export indicators of the Metal Processing Industry

	EXPORT 2014	EXPORT 2016	EXPORT 2017	EXPORT 2018	
	Million Euro (share %)	Million Euro (share %)	Million Euro (share %)	Million Euro (share %)	I-XII 2018 I-XII 2017
Base metal production	1,104.6 (12.7%)	915.1 (9.7%)	1,116.4 (10.1%)	1,298.3 (10.9%)	116.3
Fabricated metal products except machines and equipment	658.3 (7.6%)	865.0 (9.2%)	1,047.9 (9.5%)	1,190.8 (10.0 %)	113.6
Production of machines and devices	546.6 (6.3%)	580.4 (6.2%)	661.6 (6.0%)	724.2 (6.1%)	109.5
Motor vehicles, trailers and semitrailers	328.6 (3.8%)	342.3 (3.6%)	353.9 (3.2%)	398.2 (3.3%)	112.5
TOTAL for four activities	2,638.1 (30.4%)	2,702.8 (28.7%)	3,199.9 (28.8%)	3,611.5 (30.4%)	*113.6

Source: Agency for Statistics B&H and Statistics of the foreign trade*arithmetic mean

Coming to the export market structure the picture is mostly the same as in the Wood processing industry. All of the major sub-segments and groups of products in B&H have almost the same top export markets: Germany, Italy, Slovenia, Austria and Croatia as members of the EU with the most important trade partner for B&H outside of the EU being Serbia.

In the structure of exports main products exported from B&H are iron and steel itself and products of iron and steel then aluminium and its products as well as automotive spare parts. This sector recorded around 32-39 % of the total export. However, if we analyse the data by category it is visible that there has been a positive shift in the structure of the metal and electrical industry in BiH.

HUMAN RESOURCES

Total number of employed people in metal processing sector is app. 41,185 (December 2018) what is significantly increased comparing to the previous years. In terms of employment within the metal processing industry, we need to underline the fact that the entity agencies divide the MP industry into a several categories. These include the manufacture of Base Metals, the manufacture of Fabricated Metal Products, the manufacture of Computer, Electronic and Optical Products, the manufacture of Electrical Equipment, the manufacture of Machinery and Equipment and the manufacture of Motor Vehicles, Trailers and the manufacture of Other Transport Equipment. The overall labour market framework for the MP industry in 2017 by entities showed in the next table by different categories:

Metal and electro industry December 2016	No. employed in both entities (Index 2017/16)	RS employed 2017	FB&H employed 2017	Wages in FB&H XII 2017	
				net	gross
Base metal production	7,326 (103.9)	2,195	5,131	589 EUR	888 EUR
Production of the finished metal products except machines and equipment	21,362 (106.1)	5,505	15,857	415 EUR	634 EUR
Production of the machines and devices	3,624 (105.9)	931	2,693	354 EUR	539 EUR
Production of the motor vehi- cles, trailers and semitrailers	3,392 (99.3)	699	2,693	500 EUR	771 EUR
Production of the other trans- port means	594 (105.5)	448	146	332 EUR	504 EUR
Computer production, electron- ics and optic products	884 (111.1)	473	411	583 EUR	902 EUR
Production of electric equip- ment	4,003 (106.5)	1,634	2,369	370 EUR	564 EUR
TOTAL	41,185 (111.5)	11,885 (107.2)	29,300 (104.5)	-	-

Source: Entity Statistics – Data for the RS was not available for December 2018

At present the most reliable education and research sources are:

- Faculty of Mechanics, University of Sarajevo
- Faculty of Mechanics, University of East Sarajevo
- Faculty of Mechanics, University of Banja Luka
- Faculty of Mechanics, University of Zenica
- Faculty of Mechanics, University of Tuzla
- Faculty of Mechanics and Computers, University of Mostar

FDI IN METAL SECTOR

According to the statistical data total income of metal production (auto components – subsector) of FDI by December of 2017 was 263.3 million EURO, presenting 3,9% of total foreign investments (6,53 billion EURO).

The investments were made in sectors of:

- Fabricated metal products, except machines and equipment - 1,39%
- Motor vehicles, trailers and semitrailers - 1,05%
- Base metals - 0,67%.
- Machines and different devices - 0,41%

INVESTMENT OPPORTUNITIES

Strong development and permanent production growth that characterized B&H metal sector is considerably below its real potentials and expected performances. The existing structure of the metal sector in B&H, characterized with small companies provide huge chances for large integrator companies of the sector, to integrate existing primary producers and to start their operations. In order to make more attractive investment climate within the particular sector it is important to make a following steps:

- Production growth with the higher added value
- Partnership with the international companies
- Technologies innovations
- Privatization and reconstruction opportunities
- Establishing of the quality certification institution (particularly important for the export oriented companies).

Domestic metal companies are already recognized as reliable partners by present foreign investors. Privatization opportunities are still offered to the foreign investors and according to the privatization plans of FB&H and RS those opportunities include the following companies: Information on Public announcement for privatization of above mentioned companies will be available at FIPA web site www.fipa.gov.ba B&H metal sector.

LEGAL FRAMEWORK

According to the Law on Foreign Direct Investment Policy in B&H there are no any restrictions and limitations regarding metal products and metal processing industry in general when it comes to the foreign investor who is allowed to be a 100% owner of the metal company at the B&H territory and has the same rights as local owner. They are allowed to freely open a bank account in any commercial bank and make transactions in currency they are obliged to. 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 are acquired in the moment of registration of the legal documents and 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 domestic companies do.

FDI IN METAL PROCESSING SECTOR - by companies

Company	Foreign investor's country	Foreign investor
Arcelor Mittal d.o.o. Zenica	Switzerland	Mittal Steel Holding N.V. (Arcelor Mittal)
Aluminij d.d. Mostar	Croatia	TLM d.d. Šibenik
Jelšnin grad Livnica čelika a.d. Banja Luka	Slovenia	Livar d.d. Ivancna Gorica
Cimos B&H Gradačac, Zenica, Novi Travnik	Slovenia	CIMOS Group
Jajce Alloy Wheels d.o.o. Jajce	Luxemburg,	Miroslav Leko, Hans - Hubert Brock
Presal Extrusion d.o.o. Široki Brijeg	Italy	Presal Extrusion
Emka d.o.o. Goražde	Germany	Emka Group
Mann Hummel d.o.o. Tešanj	Germany	Mann + Hummel
FAD d.d. Jelah	Slovenia	Prevent Group
Strolit d.o.o. Odžak	Slovenia	EM PK d.o.o. Podveza
Bekto International d.o.o. Goražde	Austria	Bekto GmbH

Metal sector has attracted respectable global and regional foreign companies that accompanied metal sector in to a process of globalization and regionalization as we can see at the table above.



SUCCESS STORIES

1. Bekto Precisa
2. Hella - Bekto Industries Goražde
3. Bogner Edelstahl d.o.o.
4. Alumil Group - investment in Vlasenica
5. Bosancar d.o.o. Bosanska Krupa
6. Juwal - Switzerland

BEKTO PRECISA

Bekto Precisa was established in June 2005 and today employs over 350 young, promising employees with a tendency towards further development. Bekto Precisa is very well placed on the national and also international market range. Bekto-Precisa is dealing with the production of highly sophisticated tools for plastic and non-ferrous metals, as well as a combination of metal-plastic. In sections of plastics, they inject positions for auto, electrical, sports, mechanical and other industries, all in accordance with the regulations of European standards and requirements of customers. Out of Gorazde sensors parts, light emitting and operating elements for the automotive industry are being transported for assembly at BMW, AUDI, MERCEDES, VOLKSWAGEN, TOYOTA, MAZDA, OPEL, FORD, FERRARI and others. Winter Olympic Games had some of their product components introduced on sport skis and equipment by FISCHER & MARKER. Hella Bekto Industries established with the German partner is dealing with street lighting fixtures LED technology.

Mr. Nurija Vesnic, Director, Hella - Bekto Industries Goražde - *Statement: It is a joint venture of German company "Hella" and Bosnian companies "Bekto Precisa". On this occasion I would point out the importance of "Bekto Precisa" that from '96 exists in the area as positive sample for joint venture investments at the territory of B&H. Excellent working environment, support of the local communities and qualified workforce that can respond to those requirements may be a great sing to the other foreign investors to come and join us in B&H.*

BOGNER EDELSTAHL

Bogner Edelstahl d.o.o. Vitez is a BiH leader in special steel trade with the special emphasis on inox, stainless steel materials. Properly established commercial network, technical consultations and support in this field of activity play an important role in the development of industrial capacities of a wider region. Thanks to enhanced efforts in the material supply market, they are nowadays in a position to meet the clients' demand and offer them specific solutions to cut the related finishing costs down. They are offering out to customers the "unique steel proposition" that represents: a unique product assortment and a comprehensive service mixed together. BognerEdelstahls excellence and good management was crowned by ISO 9001-2008 QUALITY MANAGEMENT CERTIFICATE, issued in accordance to the European standards by Quality Austria."

Mr. Jozo Miskic, Director, Bogner Edelstahl d.o.o Vitez - *Bosnia and Herzegovina is a country that has a strong and long tradition in metal processing industry, in which also we've been active for the last 12 years. We also do have excellent partners and customers within the industry and advice foreign investors to come and invest in B&H since success is guaranteed.*

ALPRO

Alpro is one of the leading companies in production of architectural Aluminium profiles in SEE. Highly qualified personnel, in all fields, and innovative and modern solutions in their products are the guaranty of successful business. In its production programme today, Alpro has a wide range of profiles: standard profiles, profiles for doors and windows with or without thermal brake, profiles for fences, profiles for sliding doors and windows, profiles for curtain walls, profiles for partition walls, profiles

for mechanical and electro industry etc. In cooperation with Alumil group, they work every day to introduce new systems and improvement existing systems. Distributive network of Alumil covers more than 50 places throughout Europe and world."

Alumil Group - *Investment in Vlasenica is indeed positive since in the process of privatization of the state institutions provided valuable support to facilitate all administrative procedures. That is why the project very quickly and very efficiently implemented."Alumil Group"did not stop at this and of course continued to invest in B&H.*

BOSANCAR

Bosancar is respectable company in Bosanska Krupa, owned by the Italian company. This company is established from 2005. They produce cabins for working machines and employ 42 workers. This company has already invested additional 2,5 million Euros in to a new building and manufacturing capacities and plans to employ 35-40 people more. They are satisfied with the business environment in Bosnia and Herzegovina and therefore show positive sample to the other foreign investors intending to come here and start their business activities.

Mr.Ćehajić Šehad director Bosancar - *Bosancar is the company 100% owned by the foreign investors. It is established in 2005 with 8 employees. The company has realized the production of approximately 600 units of the product (cabin for working machines) annually. Today Bosancar has 42 employees with the trend of hiring new workforce and production potential increase in approximately 3,000 units annually. During the final stage of investment within the production area is going to be approximately 5000m² and land area of approximately 36,000m². Previous investments in to a land, real estate, new technologies and human resources amount to approximately 3 million Euros, with a growing trend in the forthcoming period.*

USEFUL CONTACTS

Foreign Trade Chamber of B&H - **www.komorabih.ba**

Ministry of Energy, Mining and Industry of Federation of B&H - **www.fmeri.gov.ba**

Ministry of Industry, Energy and Mining of Republika Srpska - **www.vladars.net**

Chamber of Economy of Federation of B&H - **www.kfbih.com**

Chamber of commerce and Industry of Republic of Srpska - **www.komorars.ba**

METAL SECTOR PROJECTS IN BOSNIA AND HERZEGOVINA

Metal sector projects in Bosnia and Herzegovina:

- Agricultural machinery, Kozarska Dubica
- Bolts factory, Mrkonjic Grad
- CNC machines, Doboj
- Ferrosilicium Production, Gornji Vakuf - Uskoplje
- Foundry gravity of aluminium casting, Mostar
- Lattice treads, Jelah - Tesanj
- Railway equipment GIG Inzenjering, Knezevo
- Seta inzenjering, Zavidovici
- Tool making factory, Ugljevik
- Aluminium profiles, Zenica-Doboj Canton
- Parts and assemblies for machine tools FADIS Ljubija, Prijedor
- Production of machine tools, hydraulic press-break and shear

Military sector projects in Bosnia and Herzegovina:

- Kosmos, Banja Luka
- Orao, Bijeljina

Other metal processing projects proposed by Entities' Governments:

REPUBLIC OF SRPSKA

- Fabrika Motora Specijalne Namjene a.d. Pale

FEDERATION OF BOSNIA AND HERZEGOVINA

- Defense industry, Igman d.d., UNIS-GINEX d.d., PRETIS d.d., BINAS d.d., ZRAK d.d., BNT TMiH d.d., VITEZIT d.d.



AUTOMOTIVE INDUSTRY IN BOSNIA AND HERZEGOVINA



BACKGROUND

Bosnia and Herzegovina has a long tradition and widespread experience in the automotive industry. For decades, major brands have relied on the skilled workforce of B&H to assemble cars for Western markets. First steps in this industry branch were made in 1950s in production of different parts and components for passenger cars and heavy weight vehicles.

The automotive industry in B&H has a tradition for more than 70 years and the beginnings were related to the production of parts for Mercedes and then for Volkswagen. In B&H since 1970, the TAS Sarajevo, factory, was established as a joint venture between Volkswagen and UNIS. A large number of companies were involved in TAS supply chains and were experiencing a strong development. The Automotive Industry Association (AIA) of the Federation of Bosnia and Herzegovina is a form of organizing its members from the automotive industry in the Chamber of Economy of the Federation of Bosnia and Herzegovina. The main objective of the AIA is to create conditions for better problem solving in the automotive industry and to create the preconditions for improving the business operations. AIA counts about 40 companies and 25 of them are directly working for automotive industry. Priorities are to find effective solutions for faster problem solving and representation of the FB&H economy's interest in the authorities and administration. Companies within association can act together or solely to satisfy mutual or specific personal interests.

ACTUAL SITUATION

A GROUP of automotive industry is founded within the Federal Chamber of Commerce. There are more than 15 000 workers engaged. The most important partner for the mentioned industry is Germany.

During 2017, GROUP opened one office within the Innovative Campus Wolfsburg that is supporting the companies related to the automotive production. Through the partnership with the foreign company under ownership of Volkswagen and city of Wolfsburg, main goal of the activity is to provide conditions for intensive and institutional presence of the automotive production GROUP and its participation both in Volkswagen and other German manufacturers.

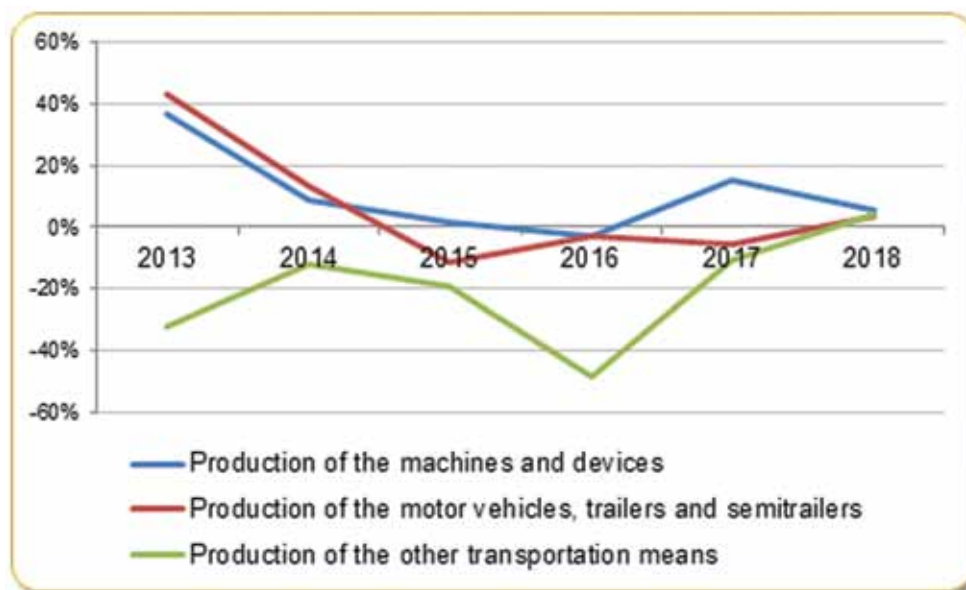
Today, B&H companies are working for major global brands and the main advantages are modern factories, highly educated and competitive labor force, short delivery times due to proximity to the EU, developed industrial tradition etc. Many companies from B&H are recognized and are very important business partners for large companies in Europe. Parts of metal, plastics, textiles, rubber are manufactured and/or assembled in B&H factories. Also we must not neglect the potential of companies in B&H that make design and product development in the automotive industry.

The fact that B&H carries out more than 90% of its foreign trade with EU and CEFTA member states, it makes sense to find the simpler and more efficient solutions in the field of mutual cooperation between B&H and these associations, with the aim of removing barriers that hinder trade.

Foreign companies show stronger interest for new investments. Still, main business partners of bh automotive sector are coming from Germany and Austria. Significant business results achieved from 2012 to 2017 were related mainly to the members of the global automotive industry consortium (Prevent BH, FAD and Man+Hummel Group) that recorded impressive financial and operating results on an annual basis. Thus, the business model of the companies mentioned earlier directly placed own range of products with a large global automotive industry consortium of western Europe, namely the Volkswagen group, may be noted as one of the most successful models in the future and become an backbone of bh metal and auto industry.



GDP indexes for four basic activities of the production of machines and devices, motor vehicles and other transport means (Current prices - nominal indexes).



Source: Agency for statistic of B&H

Association of European car manufacturers (ACEA) marked as a positive balance of the increased demand of vehicles within the EU since auto industry in Bosnia and Herzegovina exports automotive components mostly to EU market. As it was mentioned earlier, German market is the largest export market with 35 million EUR worth of exports of automotive parts or a 26.1 % share of the total automotive industry. B&H market is impressively integrated in to international flows of barter so, increased demand at the world market influence local production that mostly referred to the companies that strategically identified for export. Due to it, bh manufacturers of automotive components are fully dependent on export and foreign demand. Currently, automotive industry marks significant increase and high profitability so it is estimated that in 2017 majority of countries reached a production level from before the recession period. But, a lot of changes have happed regarding the demand's structure and our companies need to react accordingly if they would like to use the opportunity. It mostly refers to the changes of the customers' requests, stricter legislation in security and ecology context as well as the increased data availability. In order to engage current potentials, it was necessary to systematically organize the BH automotive industry and ensure its greater participation in the EU market.

AUTO COMPONENTS PRODUCTION

In a group of companies involved in auto components supply at present, the majority is in metal processing - over 70% and plastics – about 15%. Certain number operates in electrics and electronics and a few in other segments of automotive supplies, such as filters, batteries, spark plugs, fuses and rubber parts. Companies in automotive sector are producers of a wide spectrum of parts and components, such as: engines and gears and their parts, high - quality metal precision parts, drive shafts, brake parts and systems, clutches, steering parts and systems, pumps, filters, automotive electric parts (signals, relays, electronic switches), textile and leather products, plastic injection parts, aluminium wheels, car batteries and various small parts such as springs, screws, hoses, and metal components, rubber or plastic. Thermoplastic processing also follows the trend of development and some companies are already recognized exporters. BektoPrecisa Gorazde, a modern and well-equipped manufacturer of (thermo) plastic injection parts, exports over 90% of overall production, the most to the EU. Buplast Bugojno is serving other automotive suppliers in BH, like Tesla Brcko and Unico Filter Tesanj. Very important and successful segment of auto components supply in Bosnia and Herzegovina is production and export of textile and leather seat covers and accessories to major global automotive players (Prevent, Car Trim).

CUSTOMERS AND EXPORT

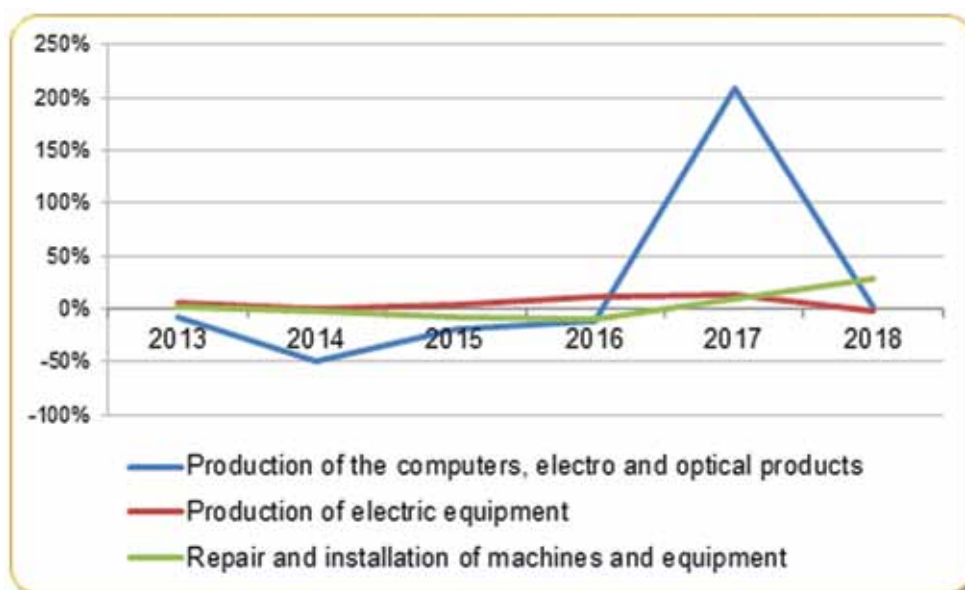
In order to enforce the export structure of bh products it is important to follow a higher participation of the products with the higher value added. Companies with the greatest chances for that are the companies in charge of motor vehicles production and those that created its place at the value chain of the global automotive companies. Table is showing the situation in the first nine months of 2017.



Source: Informative and statistic centre of the Foreign Trade Chamber of B&H

Looking in more detailed at the MP industry structure, there is an evident trend from year to year of the rising importance of those sub-segments with the higher added-value: Automotive Parts went up to 13.4% of total WP export. Other Metal Products managed to keep its share of 4.1% of the total MP industry.

The German market is the largest export market with 23% worth of exports of Automotive Parts or a 26.1% share of the total automotive industry. The automotive industry is one of the brightest examples of this fast expansion and good innovation supported by cooperation with large European producers where some segments of their outsourcing are pledged to B&H producers, such as the very successful stories of Prevent, Mann and Hummel and FAD Jelah. At the end of the main information about the sector there is one graph showing exact Industrial manufacturing change rates for Automotive and Electro Industry together with the accompanying activities - December 2018



Source: Informative and statistic centre of B&H



WHY TO INVEST IN AUTOMOTIVE SECTOR IN BIH?

- Infrastructural developments
- Industrial zones, parks and incubators
- Support to the small and medium enterprises
- Strategic location
- Long and extensive tradition in auto - components supply
- Highly qualified and affordable labour force
- Availability of research and development institutes (6 Faculties of Mechanics)
- Price competitive environment
- Stable and convertible currency linked to EUR
- Quality production - ISO and industry certificates
- Equipment mostly of EU origin, especially from Germany
- Infrastructure in place and energy sources available

With all the recent strategic movements and industry renewal in B&H, auto components supply chain has a good prospective to develop further and serve the needs of the wider region. To materialize these potentials, automotive sector seeks for increased capital equipment investments, new technologies and access to the new markets, that could be matched to the strong strategic partners or large integrator companies which intends to move their production or assembling activities at lower cost regions.

HUMAN RESOURCES AND EDUCATION

Human resources with technical skills and expertise are the most favourable advantage for investing in Auto components sector in Bosnia and Herzegovina. Educated and skilled labour force is still abundantly available throughout the country particularly for the automotive and metal processing industry. According to the USAID Survey, auto components sector of Bosnia and Herzegovina mobilized app.15000 employees in 65 companies.

Education system and universities of mechanical and other related sciences exist and having proved successes in cooperation with the companies in metal and automotive sector in previous years. Especially the faculties of mechanical engineering co-operate closely with the local companies of the automotive supplier industry in a number of R&D-projects. During last two years Increase in number of employed people in Bosnia and Herzegovina is followed by the number of employees in processing industry. By the end of December 2018 bh processing industry counts 166,062 employees so at the annual level employment rate has been increased in 5% comparing to 2017. Every year it is 5% higher. At present the most reliable education and research sources are:

- Faculty of Mechanics, University of Sarajevo, Division: Engines and Vehicles
- Faculty of Mechanics, University of East Sarajevo
- Faculty of Mechanics, University of Banja Luka
- Faculty of Mechanics and Computers, University of Mostar
- Faculty of Mechanics, University of Zenica, Division for Motor Vehicles
- Faculty of Mechanics, University of Tuzla

INVESTMENT OPPORTUNITIES

- High quality and reliable suppliers
- Good educational base
- Innovations
- Infrastructure and energy availability are the focal points of promises to the potential investors
- Qualified working force
- Availability of halls and facilities

LEGAL FRAMEWORK

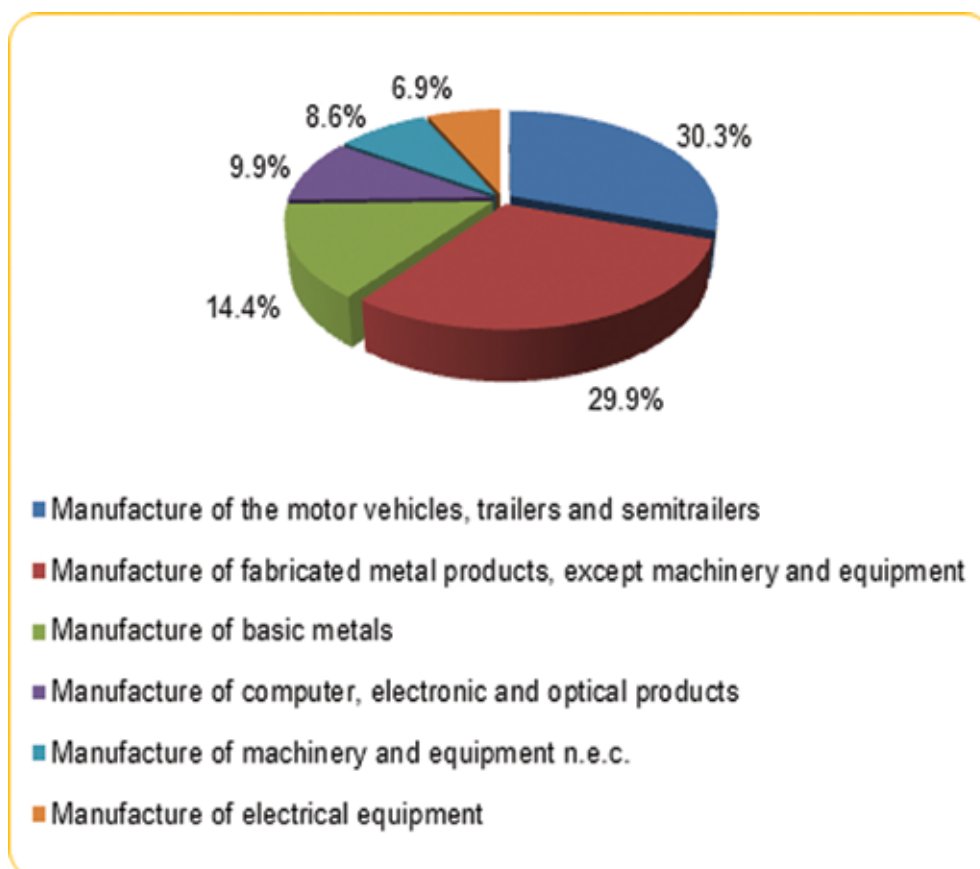
According to the Law on Foreign Direct Investment Policy in B&H there are no any restrictions and limitations regarding automotive products and automotive components production industry in general when it comes to the foreign investor who is allowed to be a 100% owner of the automotive company at the B&H territory and has the same rights as local owner. They are allowed to freely open a bank account in any commercial bank and make transactions in currency they are obliged to. 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 are acquired in the moment of registration of the legal documents and 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 domestic companies do.

FDI IN AUTOMOTIVE SECTOR

According to the statistical data total income of metal production (auto components – subsector) of FDI by December of 2017 was 263.3 million EURO, presenting 3,9% of total foreign investments (6,53 billion EURO). The investments were made in sectors of:

- Fabricated metal products, except machines and equipment - 1,39%
- Motor vehicles, trailers and semitrailers - 1,05%
- Base metals - 0.67%.
- Machines and different devices - 0,41%

Investment activities within the total foreign investments in the metal sector – December 2017 - in percentages:



Source: CBB&H, FDI Balance by activities NACE Rev 2

Foreign investor's access in to auto sector would have enabled flow of local company's access towards new technologies, knowhow system and administrative skills. That also includes domestic companies into a regional and global business networks as well as additional capital for investments in order to increase productivity and competitiveness of the companies.



Auto sector has attracted respectable global and regional foreign companies that accompanied bh auto sector in to a process of globalization and regionalization as we can see at the table below.

Company	Foreign investor's country	Foreign investor
Car Trim d.o.o. Žepče	Germany	Car Trim GMBH
Unico Filter d.o.o. Tešanj	Germany	Mann + Hummel
Prevent	Germany	Prevent group
Jajce Alloy Wheels d.o.o. Jajce	Croatia, Germany	Miroslav Leko, Hans - Hubert Brock
Presal Extrusion d.o.o. Široki Brijeg	Italy	PresalExtrusion
Emka d.o.o. Goražde	Germany	Emka Group
Mann Hummel d.o.o. Tešanj	Germany	Mann + Hummel
FAD d.d. Jelah	Slovenia	Prevent Group
Strolit d.o.o. Odžak	Slovenia	EM PK d.o.o. Podveza
Bekto International d.o.o. Goražde	Austria	Bekto GmbH

The list of the foreign investment companies in to auto sector made by FIPA

SUCCESS STORIES

PREVENT BH d.o.o. (GERMANY)

“Prevent Group” employs more than 10,000 people at 35 locations around the world and is constantly expanding their range of services. Prevent operates in Bosnia and Herzegovina since 1999. It started with 50 employees and today it has over 5000 employees, 9 companies and 7 locations. Prevent BH operates under 4 divisions: seat covering, materials (where they produce leather and textile), metal (where they produce brake disks for renowned customers in European automotive sector). Also Prevent BH has a non-automotive division. This division operates within nautical and protective clothing division which is the core business of Prevent Group since 1952. This year Prevent Group celebrates its 60th and 20th anniversary - 60th from the very founding of Prevent Group in Slovenia and 20 years since the establishment of its headquarters in Germany.

Mr. Almir Jazvin, Managing Director - *Why Bosnia and Herzegovina? 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 that is one of the most significant advantages of Bosnia and Herzegovina for attracting foreign investments.*

BEKTO PRECISA GORAŽDE AND HELLA - BEKTO INDUSTRIES GORAŽDE (GERMANY)

“Bekto Precisa” was established in June 2005 and today employs over 350 young, promising employees with a tendency towards further development. Bekto Precisa is very well placed on the national and also international market range. Bekto-Precisa is dealing with the production of highly sophisticated tools for plastic and non-ferrous metals, as well as a combination of metal-plastic. In sections of plastics, they inject positions for auto, electrical, sports, mechanical and other industries, all in accordance with the regulations of European standards and requirements of customers. Out of Goražde sensors parts, light emitting and operating elements for the automotive industry are being transported for assembly at BMW, AUDI, MERCEDES, VOLKSWAGEN, TOYOTA, MAZDA, OPEL, FORD, FERRARI and others. Winter Olympic Games had some of their product components introduced on sport skis and equipment by FISCHER & MARKER. Hella Bekto Industries, established with the German partner, is dealing with street lighting fixtures LED technology



Mr. Nurija Vesnic, Director, Hella - Bekto Industries Gorazde - *It is a joint venture of German company "Hella" and Bosnian companies "Bekto Precisa". On this occasion, I would point out the importance of "Bekto Precisa" that from 96 was in this area. Local community's supports and qualified work force respond to these requirements that is an important segment of the arrival of "Hella" in this area. I would point out also that the realization of its operations in fiscal 2011/2012 year has been recorded at 4.8 billion Euros.*

KOLEKTOR BOSNA d.o.o. LAKTAŠI - (SLOVENIA)

"Kolektor Bosna" is respectable a trans-national company connecting almost 30 companies on strategic world markets. The group`s companies are organizationally bound under the branch principle. Developmentally as well as business-oriented, the programs are managed in the business divisions. It is Slovenian investment that is registered 2011 with 168 employees. The company provides wide program of rotors, electronic, magnetic and hybrid components including also electronic sub-systems and plastic products for exterior and interior of vehicles. Long tradition and rich experience regarding development, production and supportive services in the field of automotive components make Kolektor a reliable partner for integral solutions. Kolektor meets all requirements under the ISO TS 16949 as well as specific standards of automotive producers.

USEFUL CONTACTS

Foreign Trade Chamber of B&H - **www.komorabih.ba**

Ministry of Energy, Mining and Industry of Federation of B&H - **www.fmeri.gov.ba**

Ministry of Industry, Energy and Mining of Republika Srpska - **www.vladars.net**

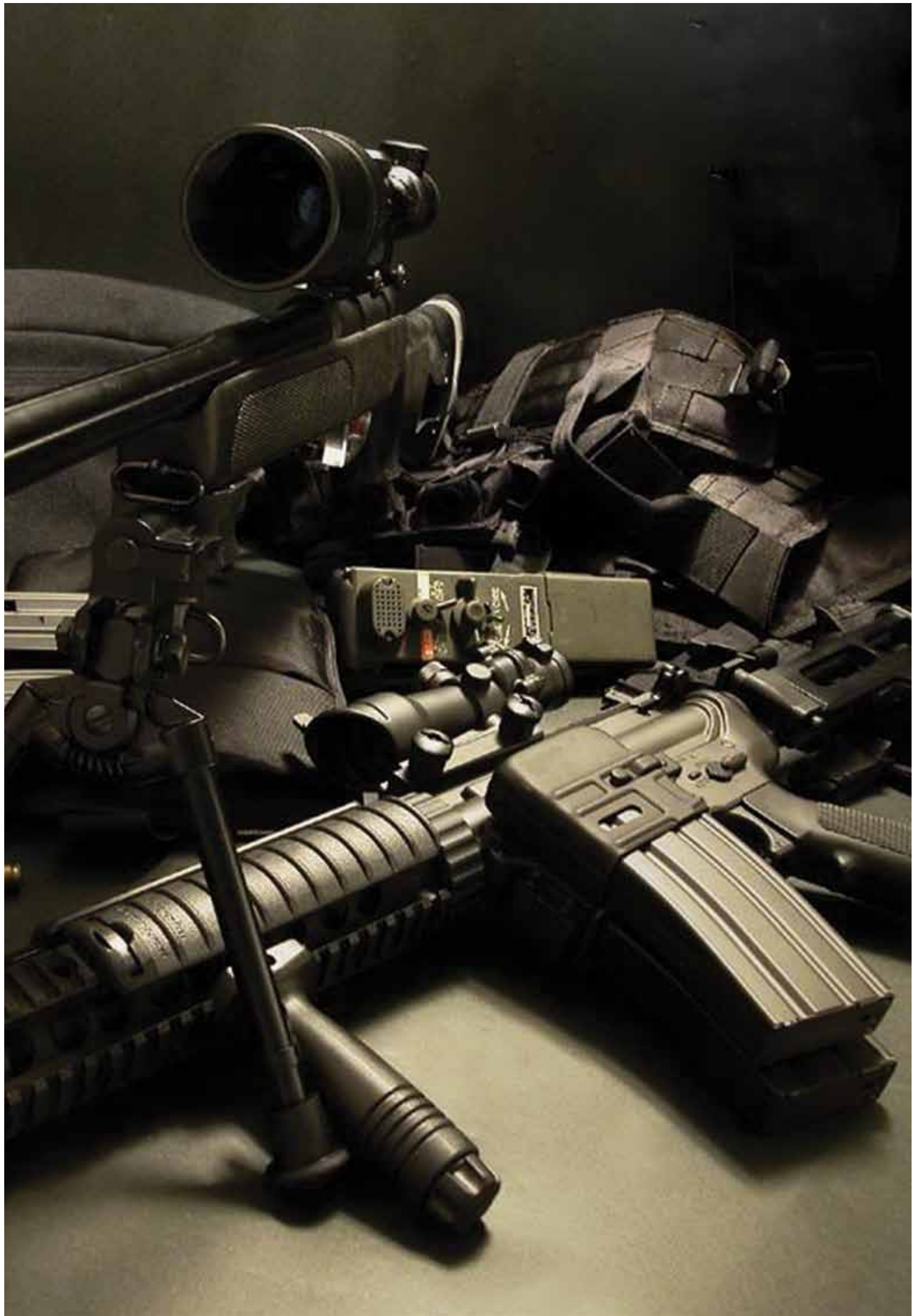
Chamber of Economy of Federation of B&H - **www.kfbih.com**

Chamber of commerce and Industry of Republic of Srpska - **www.komorars.ba**

AUTOMOTIVE SECTOR PROJECTS IN BOSNIA AND HERZEGOVINA

Automotive sector projects in Bosnia and Herzegovina:

- Motor vehicles parts and accessories, Novi auto dijelovi, Rudo
- Purifiers and filters, Nova tvornica precistaca, Rogatica
- Steering mechanisms, FUSOL, Nevesinje
- SarajKomer, Gornji Vakuf - Uskoplje



MILITARY INDUSTRY IN BOSNIA AND HERZEGOVINA



BACKGROUND

The military industry used to be one of the most powerful sectors in Bosnia and Herzegovina, which applied most advanced technologies and maintained most severe international standards for production of armaments and military equipment, being export oriented and which had a high reputation at the international markets all around the world.

The Bosnia and Herzegovina's military industry produced the wide range of armaments and military equipment including:

- Various military, industrial and initiating explosives and chemicals
- Primers, Detonators, Pyrocartridges, Igniters and fuses
- All types of ammunition and bullets for small arms, mortars, artillery, tanks, rockets and aircraft bombs
- All types of weapons (except small arms) & military equipment (mortars, artillery, tanks, tracked vehicles, general and special purpose wheel vehicles, multiple rocket launchers and aircrafts)
- Other military and protecting equipment
- Research & development, design, transfer of knowledge & know how

Formerly, production of armaments and military equipment in Bosnia and Herzegovina represented more than 50% of the total production scope within the former Yugoslavia, which annual export attained amounts of several billion of US Dollar.

ACTUAL STATUS

The military production industry is potentially one of the most important branches of the Bosnia and Herzegovina industry. Since 2010, this sector, experiencing boom and has recorded a significant growth in exports and demonstrated that it can successfully operate in both domestic and foreign markets with existing and newly developed products. Our industry products are highly esteemed throughout the world respecting international standards present in this kind of production.

The installed military industry capacities are multiple times higher than present requirements and demands of the Bosnia and Herzegovina security and armed forces. Consequently, our companies operate with only 10 % of its capacities and they are almost 100% export oriented and dependable on harsh international market demands.

Currently, military production is organized in more than 30 companies with a large number of sub-contractors, basing its production on domestic resources in 90% of cases. The most successful enterprises from this industrial branch are from Federation of B&H. According to the volume of operations, export and the number of employees, companies that should be mentioned are IGMAN d.d. Konjic - www.igman.co.ba; UNIS GINEX d-d Goražde - www.ginex.com.ba; PRETIS d.d. Vogošća - ww.pretis.ba; BNT- Mashine and hydraulics factory Novi Travnik - www.bnt-tmh.com.ba, POBJEDA - TECHNOLOGY d.o.o. Goražde (www.pobjeda-technology.com). Regarding the military industry in Republic of Srpska, according to the data of The Ministry of Industry, Energy and Mining of the Republic of Srpska, there are 24 companies licensed by the Ministry of Foreign Trade and Economic Relations of B&H for the production of weapons and military equipment in this entity. Here it is important to mention three plants: Orao a.d. Bijeljina (www.orao.aero), Kosmos a.d. Banja Luka (www.kosmos.ba) and Tehnički Remont Bratunac (TRB) (www.trb.ba). Besides already mentioned companies there are also present: AC Unity from Gorazde, Vitezit from Vitez, Zrak from Sarajevo, Remont Institute Hadzici, Pobjeda Rudet, Koteks from Tesanj , Zrak Optoeletronika from Teslić, BINAS and Guma-co from Bugojno.



DEVELOPMENT PROGRAMS AND SUCCESSFUL STORIES

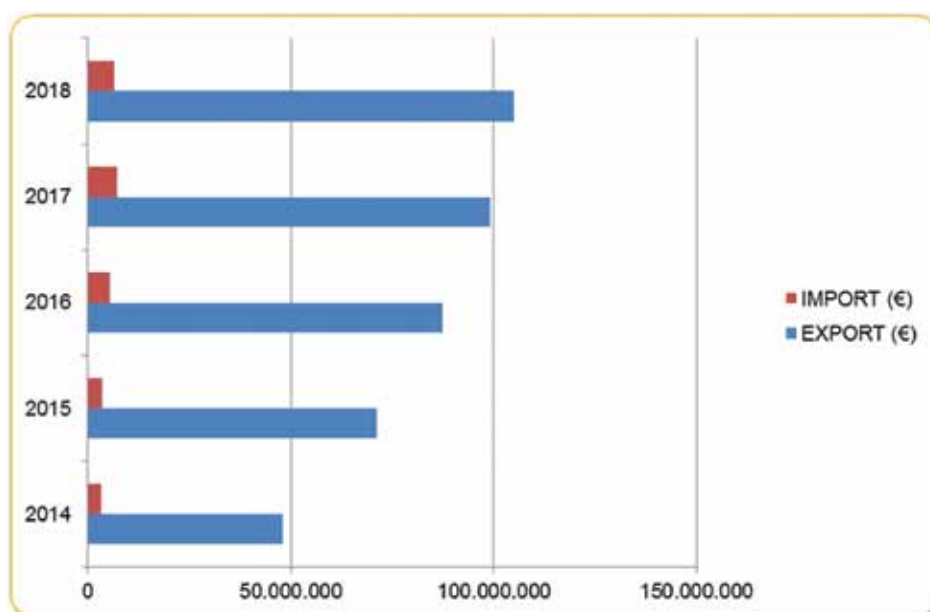
Last two year, the B&H's military industry is experiencing a rebirth with the introduction of several important inventions and products. In 2018, TRB company, introduced a new product - the Despot armored vehicle. Despot is designed to carry out a vast range of missions from police units to armed forces. The TRB is owned by the South African "ELW GLOBAL" which mentioned the vehicle - Despot presented at „International Defence Exhibition and Conference" (IDEX) Fair in Abu Dabi in February 2019.

At the beginning of the year of 2017 has started the production of the first BH howitzer. After that, B&H's company also successfully produced the first BH hand rocket launcher that passed all NATO tests in the second half of 2017. At the same time, the prototype of BH rifle was made in six models as well the first BH pistol. This is just a part of the successful stories that both, public and private, companies in the B&H industry are realizing. In the upcoming period, we expect the opening of a new factory, as well as many other innovations and achievements in the military sector in B&H.

MILITARY INDUSTRY - STATISTICS & FACTS

The military industry of Bosnia and Herzegovina is an export-oriented sector and among five industries that achieve the best results in Bosnia and Herzegovina when it comes to foreign trade. This sector made a big progress in production in the last five years and recorded a significant increase in employment, and it is planned to continue to increase the scope of business.

According to the Foreign Trade Chamber of Bosnia and Herzegovina, in 2018 it registered export of approximately 105 million €, while in 2014 it was about 48 million €. That means that exports of arms and ammunition; parts and accessories thereof from Bosnia and Herzegovina where more than doubled in the last five years.



Source: Foreign Trade Chamber of Bosnia and Herzegovina



EXPORT - Arms and ammunition; parts and accessories thereof 2018.			IMPORTS - Arms and ammunition; parts and accessories thereof 2018.		
STATE	AMOUNT/KG	VALUE €	STATE	AMOUNT/KG	VALUE €
Saudi Arabia	1.953.148	38.338.834	Serbia	69.632	1.319.722
Turkey	1.010.912	15.066.058	Italy	32.397	863.944
Egypt	572.371	12.413.313	Croatia	4.254	582.311
Afghanistan	521.220	11.754.584	Germany	7.197	484.887
USA	433.756	8.213.241	Turkey	21.171	453.339
Bulgaria	150.854	3.116.779	Belgium	1.809	424.531
Croatia	154.535	2.529.793	Czech Republic	25.801	423.366
Serbia	47.345	1.674.408	Austria	4.820	376.081
Germany	136.426	1.619.335	Slovak Republic	1.820	280.160
Romania	8.303	1.104.044	Slovenia	11.270	202.717
TOTAL (10 LEADING COUNTRIES):	4.988.869	95.830.390	TOTAL (10 LEADING COUNTRIES):	180.171	5.411.057
TOTAL	5.365.664	104.850.966	TOTAL	213.649	6.376.109

Source: Foreign Trade Chamber of Bosnia and Herzegovina

In 2018, Bosnian military exports to Saudi Arabia amounted were worth about 38.3 million euros. Exports to Turkey were worth about 15.1 million euros, and to Egypt, 12.4 million euros. Other major importers of Bosnian-produced arms and military equipment in 2018 were Afghanistan, USA, Bulgaria, Croatia, Serbia, Germany and Romania. In total, 55 countries have military business cooperation with this small Balkan country.

INVESTMENT OPPORTUNITIES

Investment opportunities in the Military Industry are multiple, such as buying a share in the industry companies, buying companies in the privatization process („Kosmos“ a.d. Banja Luka, „Orao“ a.d. Bi-jeljina), joint cooperation in the development of new products and joint appearance on third markets.

Strategic partners are essential for the development the military production industry. It would be of greater importance to realize foreign investments up to the legally stipulated rate of 49% or even above if it is approved by the competent body of Bosnia and Herzegovina.

Despite before mentioned potentials and experience, all military sector companies are seeking for significant modernization and upgrading of existing production programs through introduction of new technologies, new production equipment and enlargement of markets, what require substantial capital investments, which this industry cannot afford in this moment. For this reason, military sector is interested in establishment of strategic partnership with strong foreign partners, which could enable successful and profitable implementation of modernization and development programs, through joint venture, PPP or other suitable arrangements.

In this direction, the Law on Foreign Direct Investment Policy particularly stimulates foreign direct investments in the military sector, due to the fact that beside other incentives, this Law actually does not impose any restriction or limitation regarding foreign investment in the field of weapons and military equipment production.

The government of the Federation of Bosnia and Herzegovina is considering the possibility of further expansion of the sector through the start of production of infantry weapons (domestic production could meet the needs of the Armed Forces). In addition, imminent approach of Bosnia and Herzegovina to NATO alliance, make the investment in the military sector supplementary attractive.

Foreign investors also recognized the importance and investment opportunities of the B&H's military industry and invested money in some of the existing companies (Serbia, Turkey, USA, etc.).



MILITARY SECTOR LEGAL AND REGULATORY FRAMEWORK

Legal and regulatory framework which regulate military sector in Bosnia and Herzegovina is harmonized or in process of harmonization with the UN Firearms Protocol and EU Directive, assuming a harmonization of legislation with communitarian law, including licensing and firearms permits issuance process, development of weapons and ammunition import and export policies, fostering of the firearms registers, setting up of the single legal framework in the field of weapons and ammunition field, etc.

In this process Bosnia and Herzegovina cooperates with international institutions, such as South Eastern and Eastern Europe Clearinghouse for the Control of Small Arms and Light Weapons (SEE-SAC), which has a mandate from the United Nations Development Program (UNDP) and the Regional Cooperation Council (RCC) to further support the strengthening of national and regional capacity to control and reduce the proliferation and misuse of small arms and light weapons. Ministry of Foreign Trade and Economic Relations of Bosnia and Herzegovina, and particularly its Department for control of foreign trade traffic of strategic goods keeps a record of licensed legal persons for production of armaments and military equipment (Central Register), implement the measures and procedures of securing and protecting of people, facilities, plants, control the research, development and warehousing of armaments and military equipment, as well as trading and business and financial transactions with abroad including export, import of weapons and military equipment, products and technologies.

REGISTRATION OF LEGAL ENTITIES FOR CONDUCTING FOREIGN TRADE IN CONTROLLED GOODS

All persons engaged in foreign trade in goods and services listed in the Common List of Arms and Military Equipment and Special Purpose Goods Lists must be registered in the appropriate Registries kept in the Ministry of Foreign Trade and Economic Relations of Bosnia and Herzegovina.


The procedure of registration, the procedure of deleting from the Registry and the issuance of a Decision on the entry into the Register of persons in foreign trade in weapons, military equipment and special purpose goods is performed in accordance with the Law on Control of Weapons, Military Equipment and Special Purpose Goods ("Official Gazette of B&H", no. 53/16) and the Ordinance on keeping a Register of persons in foreign trade in weapons, military equipment and special purpose goods ("Official Gazette of B&H", No. 68/17).

The necessary documentation (such as the application form for the issuance) taxes/fees to be paid as well as other information related to this administrative procedure can be found on the website of the competent Ministry (www.mvteo.gov.ba).

FOREIGN TRADE OF WEAPONS, MILITARY EQUIPMENT, SPECIAL PURPOSE GOODS

The conditions and procedures for the export of weapons, military equipment and special purpose goods are prescribed by the Law on Control of Foreign Trade in Weapons, Military Equipment and Special Purpose Goods ("Official Gazette of B&H" No. 53/16) and the Instruction on the conditions and procedure for issuing documents for foreign trade trafficking of weapons, military equipment and special purpose goods ("Official Gazette of B&H" No. 69/17).

All persons engaged in foreign trade in goods and services listed in the Common List of Weapons and Military Equipment and List of Special Purpose Goods are obliged to submit to the Ministry of Foreign Trade and Economic Relations of Bosnia and Herzegovina a request for registration in the Register. The registration procedure is prescribed by the Regulation on keeping a Register of persons in foreign trade in weapons, military equipment and special purpose goods ("Official Gazette of B&H", No. 68/17). The Ministry updates and publishes the Common List of Weapons and Military Equipment ("Official Gazette of B&H" No. 6/17). This List is a translation of the Common Military List of the European Union adopted by the Council on 9 February 2015 (equipment included in the Common Position of the Council 2008/944/CFSP on the establishment of common rules for the control of exports of military technology and equipment).



The Ministry, in consultation with the competent state, entity or cantonal ministries and bodies of the Brčko District of Bosnia and Herzegovina, shall adopt and publish in the Official Gazette the List of Special Purpose Goods. Special purpose goods are nonmilitary assets for commercial purposes which are not listed on the Common List of Weapons and Military Equipment or on the List of Dual-Use Goods ("Official Gazette of B&H" No. 25/17).

The Ministry issues the following documents:

- a) License for export, import and brokering of weapons and military equipment listed in the Common Military List and Military Equipment, License for export of special purpose goods specified in the List of Special Purpose Goods, and License for export and import of services related to weapons and military equipment. Licenses may be: individual licenses and global licenses,
- b) Import License for Special Purpose Goods
- c) International Import Certificate
- d) End User Certificate, and
- e) Receipt of goods.

USEFUL CONTACTS

Ministry of defence of Bosnia and Herzegovina - www.mod.gov.ba

Federal Directorate for Military Industry - www.fbihvlada.gov.ba

Republican Directorate for traffic of weapons and military equipment in RS - www.vladars.net

Ministry of Foreign Trade and Economic Relations of B&H - www.mvteo.gov.ba

Department for control of foreign trade traffic of strategic goods - www.mvteo.gov.ba

MILITARY SECTOR PROJECTS IN BOSNIA AND HERZEGOVINA

Military sector projects in Bosnia and Herzegovina:

- Kosmos, Banja Luka
- Orao, Bijeljina



FORESTRY AND WOOD INDUSTRY IN BOSNIA AND HERZEGOVINA



FORESTRY RESOURCES - RAILWAY BASE

Forests in Bosnia and Herzegovina cover a large part of its territory (according to recent data, forests and forest land in BiH cover an area of 3.231.500 hectares or 63.3% of the total area of BiH) and contribute effectively to the territorial and biological balance. New data indicate the existence of as many as 435 million m³ of wood stock, which amounts to 201 m³ / ha.

Wood and timber are undoubtedly an important resource of each country that generates local economic growth and significantly influences the creation of jobs in rural areas.

Due to their natural and diverse structure, as well as significant natural regeneration, forests have been given the status of the key resource for further development of Bosnia and Herzegovina.

The main types of trees are meals, spruce, pine, beech, oak, maple, elm and fruit trees (cherry, apple, pear). It should be emphasized that beech and oak from Bosnia and Herzegovina in the production of furniture is a highly valued raw material, which additionally opens many doors in the world to B&H manufacturers.

Lately, ecological, economic and social demands towards forests are increasing, and pressures on climatic conditions have been increased. This requires additional efforts both for increased coordination of all activities and encouraging different forms of cooperation, as well as for encouraging greater application of innovations within the sector. These demands, and especially the pressures, tend to be continuously increasing, because, apart from the traditional economic benefits of timber raw materials, as time passes, significant contribution to the social, climate and energy development and the country's position as a whole will also be important.

On the existing raw material basis, a strong wood industry has been developed. The industry which has a long tradition of producing a very wide range of wood products. Its development is based on the use of domestic natural resources and it is traditionally export-oriented.

Until the 1990s companies from this sector were known around the world, and Bosnia and Herzegovina was the second largest European furniture exporter, right behind Italy.

The wood sector includes the following activities:

- Forestry and forest exploitation and related service activities;
- Processing of wood and wood products and cork;
- Manufacture of paper and paper products;
- Manufacture of furniture, other processing industry.

The most important advantages, ie the strengths of the BiH-wood processing sector are:

- Tradition of industrial production
- Low labor costs
- Domestic raw material basis
- A favorable geographical position, or proximity to the European Union market.

The unused opportunities and possibilities of the bh wood processing sector are:

- Increase the degree of product finalization
- Foreign investment in the sector
- Low trade barriers
- The image of the European manufacturer

Undoubtedly the enormous forest resources available to BiH represent a significant comparative advantage of the country in relation to neighboring and other European countries.



CERTIFICATION OF FORESTS AND PRODUCTS STANDARDIZATION

Two key effects are achieved by certification of forest resource management. First of all, it improves the performance of the business, with the aim of achieving sustainable management of forest resources, as well as increasing the competitiveness of the company, since it is one of the specific criteria that the EU market demands when it comes to the export of BH furniture and proof of the origin of the raw material.

FSC is a global generic standard recognized as the highest social and environmental standard for forests. FSC (Forest Stewardship Council) certification means that the forest is managed according to strict environmental, social and economic standards. BiH, as well as the surrounding countries, have chosen this standard and certified forests according to the FSC Sandarwood. In the RS, all state forests are certified and resertified according to the requirements of the FSC standard (Forests of the Republic of Srpska). In the Federation, the companies with a forest management certificate are ŠGD Hercegbosanske šume d.o.o. Kupres, JP Forests of Tuzla Canton and Una-Sana forest d.o.o. Bosanska Krupa and Sarajevo-forests started certification for forestry production. Private forests (either in the RS or in the Federation of BiH) doesn't have this certificate.

FSC® CoC (Chain of Custody) - International certification for wood from sustainable forests which proves that wood parts of the certified product are traceable to well-managed forests, controlled sources or recycled materials. This certificate is particularly important after the entry into force the EU TR 995/2010 (European Tree Regulation) setting a barrier to the trafficking of illegal forestry activities to be placed on the EU market. Manufacturers of timber products covered by this regulation will have to provide their customers in the EU with complete information on the product with objective evidence that the wood does not originate from illegal sources. FSC CoC is a trace of product information from forest to buyer including all stages of processing, transformation, production and distribution where further processing involves the change of ownership.

In accordance with EU Regulation 305/2011 on construction products from 2013, it is mandatory to have a CE mark for unhindered traffic on the European market. Precisely defined products and groups of wood industry products that are built into the building must have the CE mark.

Establishing a center for quality in the woodworking industry - Since 2014 in BiH (Zenica) within the Center for excellence in wood (CID), there is an accredited Furniture Testing Laboratory (LIND), which (the only one in BiH) meets the requirements of the standards BAS EN ISO / IEC 17025: 2006, and as such, it provides services for testing the mechanical properties of furniture and equipment for children's playgrounds, which until now have been provided only by accredited laboratories abroad. Activities on the expansion of laboratory services are underway to examine building joinery and façade elements. Laboratory services have been made available to BH producers of furniture who want to obtain certificates of conformity for their products and that are ready to respond to sophisticated export requirements to the EU market and beyond.

With the support of the international USAID-SIDA FIRMA project and its successors, activities on the establishment of the Quality Center are also in progress, also within the Center for Excellence in Wood (CID). The support of international projects for the development of these and similar capacities in BiH will continue, with the aim of further improving the business environment in the wood sector.

MACROECONOMIC INDICATORS (SECTOR IN NUMBERS)

Volume of industrial production:

The increase in gross value added of the wood sector (three activities) in 2018 compared to the previous year was 22.64%.

The contribution of the processing industry to GDP growth in 2018 was 13.2% of which the contribution of the wood sector was 2.05% (excluding forestry and forest exploitation).

Bearing in mind that by 1992, the participation of the wood sector in the gross national income of BiH was about 10%, there is still plenty of room for improvement.

NACE	Activities	Value, 000 KM 2016 2017		Index 2017 2016
C16	Wood processing and products of wood and cork, except furniture	265 999	304 070	114.31
C17	Production of paper and paper products	97 467	128 773	132.12
C31	Production of furniture, other processing industries	172 857	209 999	121.49

Source: Agency for Statistics of BiH: Topic Bulletin 01 - Gross Domestic Product by Production, Income and Expenditure Approach

Foreign trade:

In the structure of exports of wood sector, the largest part relates to exports of products from the activity production of furniture – 48%, then to - wood and timber processing – 32%. Furniture is mostly exported to European countries. Wood products foreign trade occupies an important place in the overall economy of BiH. In favour of this goes the constant multi-year surplus in this sector that are realized. The coverage of import by export in the sectoral foreign trade in 2018. godini amounted to 222%. The volume of foreign trade of the sector makes 9,6 of the total volume of foreign trade in BiH, and participation of export of these four activities in total BiH exports is 17% in 2018. The export achieved in 2018. in all four Sector's activities, increased by 5,6% compared to:

Export and import of BiH in 2018, in 000 KM					
KD	By areas of KD - production principle	Export	2018 2017	Import	2018 2017
A02	Forestry and logging (forest exploitation)	118.398	104	14.906	183
C16	Manufacture of wood and products of wood and cork, except furniture	668.925	104	274.248	111
C17	Manufacture of paper and paper products	285.352	120	450.786	110
C31	Manufacture of furniture	992.711	95	190.010	109

Source: Agency for Statistics of B & H, Press Release No. 12 (January 2019), BiH Foreign Trade Statistics, January-December 20181

Number of companies and employees in the sector:

Wood industry of Bosnia and Herzegovina is organized within a large number of small and medium-sized enterprises, mostly privately owned.

These companies produce a wide range of products: furniture, furniture elements, construction joinery, parquet floors and flooring, sliced materials, massive plates. According to the statistical business register managed by the Statistics Agency of BiH in the middle of 2018, 1 559 enterprises were active, i.e. 66 enterprises more than in the previous year. According to the data of the statistical institutes of the Entities, the woodworking sector (with forestry) in 2018 employed 41.026 workers (of which in primary processing 11,543 (28.14%), and in the final 29,483 or about 71.86%), i.e. 3,822 workers more than in 2017. or 24.81% of the total number of employees in the BiH manufacturing industry. In the wood industry of BiH the highest number of workers are with secondary education (more than 60%), while the participation of unskilled workers is about 20%, and there are only 2% highly educated workers (despite the existence of 4 institutions for higher education in forestry and wood processing in BiH).

The average net wage per employee in the sector varies depending on the activity, and the highest is in forestry (state-owned enterprises) 925 KM, while the lowest is in the processing of wood and wood products (493 KM). In the production of paper, the average net salary is 812 KM, and in the production of furniture the average net salary is 570 KM per employee.



INVESTMENT OPPORTUNITIES

Numerous possibilities for inflow of both, foreign and domestic capital, lie in the revival of former large industrial capacities (Krivaja Zavidovići, Konjuh Živinice, Sana Sanski Most, Sanica Ključ, Borja Teslić, Romanija Sokolac, Šipad Sarajevo and others) that were the bearers of the economic development of Bosnia and Herzegovina. For potential investors, companies that are in bankruptcy proceedings may be interesting. Bosnia and Herzegovina also needs investment in forestry infrastructure and new forest exploitation technologies that will enable the increase in the utilization of timber, especially logs of smaller volume and lower-quality, in order to create new products with higher added value. The traditional production of high-quality solid wood furniture in a small and medium-sized enterprises in BiH is also a great investment potential of the BiH wood processing sector. The availability of unused biomass in BiH remains very high. It is estimated that, per year, around 800,000 tons of biomass in BiH remain unused. Investors are currently interested in the use of wood biomass for the production of pellets and wood chips, intended for the production of ecological heat energy. The use of wood biomass for the production of particle boards, despite certain concrete interests, still does not occupy an adequate place in the BiH wood processing sector, so there are significant investment potentials which are unused.

SUCCESS STORIES

Foreign companies, investors in this sector:

- Natron Hayat d.o.o. Maglaj-Hayat Group, Turkey
- Standard Furniture Factory d.d. Sarajevo-Standard Furniture Factory, Germany
- Standard a.d. Prnjavor- Dacomet AG, Switzerland
- SHP Celex a.d. Banja Luka-SHP Harmanec, Slovakia
- AD Nautic d.o.o. Goražde-Prevent Group, Slovenia
- Napco beds d.o.o. Petrovo-Dutch investor Denis Kornelisen
- Lipa drvo d.o.o. Omarska-Cora Group, Italy

NATRON HAYAT DOO MAGLAJ (TURKEY)

"Natron-Hayat d.o.o. Maglaj is an esteemed European company enjoying high reputation in the field of production of various types of paper and paper packaging. It was founded on 15 April 2005 by company Natron d.d. Maglaj and the reputable company KastamonuEntegre company, which is a member of the internationally renowned Hayat Holding Group from Turkey. This newly established company has inherited a 50-year-old tradition and experience in the paper industry (based on the successful work of the former Natron d.d. Maglaj). Natron-Hayat currently employs more than 840 workers. A great number of young and highly qualified employees, along with older experts of various profiles, are making every effort to meet the expectations of every customer. They can offer the following products: packaging paper, MG (machine glazed) paper, crepe paper, finishing paper, paper sacks, paper bags, corrugated board and board packaging, cores. With its current production, company meets not only the domestic market needs but also those outside the borders of Bosnia and Herzegovina."

Mr. Avanash Taneja, Managing Director, Natron Hayat doo Maglaj - *I would like to emphasize that Norton head has been one of the most successful privatizations in the country. That has happened not only because it had a very strong, determined and resourceful group head group behind it, but also because of very sincere dedicated, technically strong, workforce in the mill and in the country which delivered the right results once guided properly. In my opinion it is one of the strengths of BiH because only state of the art machines do not deliver the results but you need the right people behind them."*

USEFUL CONTACTS

Ministry of Foreign Trade and Economic Relations of B&H - www.mvteo.gov.ba

Federal Ministry of Agriculture, Water Management and Forestry - www.fmpvs.gov.ba

Ministry of Agriculture, Forestry and Water Management RS - www.vladars.net

Wood Cluster Association in B&H - www.drwni-klaster.ba

Foreign Trade Chamber, Association of Forestry and Wood Processing

Industry - Timber group - www.komorabih.ba

Federal Chamber of Economy, Division of Forestry, Wood Processing and

Printing Industry - www.kfbih.com

Chamber of Economy RS, Association of Forestry and Wood processing - www.komorars.ba

WOOD SECTOR PROJECTS IN BOSNIA AND HERZEGOVINA

Wood sector projects in Bosnia and Herzegovina:

- Biomass briquettes, Sokolac
- Factory of tables and chairs, Lopare
- Furniture production, Konjuh Zivinice
- Parquet and glued panels, FAD Vogosca
- Passive building and wigwams, Donji Vakuf
- Prefabricated houses, Seta inženjering Zavidovici
- Wood processing plant, East Drvar
- Production of pellets, Gradiska
- Laminated board made of hard wood, Zavidovici
- Wooden toys production, Zavidovici

Other wood sector projects proposed by Entities' Governments:

REPUBLIC OF SRPSKA

- Drvna Industrija Vlasenica a.d. Vlasenica
- Nova Borja a.d. Teslic
- Nova Romanija a.d. Sokolac





ENERGY SECTOR IN BOSNIA AND HERZEGOVINA

GENERAL INFORMATION

Energy has a major impact on the growth and development of the economy of each country, primarily through technological development and the increasing competitiveness of the economy. Energy is a generator of development in the technological, economic, scientific and educational terms.

The energy supply is essential for the sustainability of economic development of the countries of the Western Balkans, especially due to the fact that it is a large number of relatively small economies. From the perspective of the European Union, SEE region has been identified as a major transit region for gas, oil and electricity. World Bank research shows that the lack of energy and energy demands throughout the region will be dramatically increased in the near future. Energy sector is one of the most powerful in BiH, with long tradition, huge potentials and opportunities for further development and investment as well as with intentions to become integral part of European Energy Market and European Community.

BiH remained at first place in the region with exports of electricity of 6.472 GWh in 2018, that is 25.4% more than in the previous year. In the last three years, BiH was ranked as 24th in the world in the export of electricity, while Germany occupied first place. In the last few years a significant growth of foreign investment in Bosnia and Herzegovina Energy sector, has recorded. Foreign investors have recognized the potential of this sector in BiH, and also the BiH Public Companies producing electricity, invest substantial means in order to this sector enable sustainable development and growth.

WHY INVEST IN BIH ENERGY SECTOR?

- Energy Community Membership
- Favorable Feed-in-tariffs for RES power plant
- Low Operating costs and Competitively priced & qualified human capital
- Energy Reserves and Potentials
- Skilled human capital

ENERGY COMMUNITY MEMBERSHIP

2006 BiH ratified the Treaty Establishing the Energy Community, which provides the creation of the biggest internal market in the world for electricity and gas, signed between European Union on one side, and eight Contracting Parties: Albania, Bosnia and Herzegovina, Kosovo, Macedonia, Moldova, Montenegro, Serbia and Ukraine.

Seventeen countries have the status of Participants and directly participate in the work of the Energy Community bodies: Austria, Bulgaria, Czech Republic, Croatia, Cyprus, Finland, France, Germany, Greece, Hungary, Italy, The Netherlands, Poland, Romania, Slovakia, Slovenia and the United Kingdom.

Armenia, Georgia, Norway and Turkey have observer status in the Energy Community bodies.

The main goals of the Energy Community are:

- Creation of a stable and single regulatory framework and market space
- Providing of reliable energy supply
- Attracting investments in the electricity and gas sectors.
- Implementation of Energy Efficiency
- Utilization of Renewable Sources



1 st March 2016 BiH joined in Brussels the International Energy Charter - successor of the European Energy Charter, as the 76th member state.

FAVORABLE FEED-IN-TARIFFS

B&H Entities Government adopted in 2014 Action Plans which determined quotas of electricity produced from renewable energy sources that will be stimulated in the period 2014-2020, as follows:

Federation BiH Action Plan:

- 50 MW in hydro power plants
- 12 MW in solar power plants
- 43 MW in wind power plants
- 4.6 MW in biomass power plants

Republic of Srpska Action Plan:

- 110 MW in hydro power plants
- 4.2 MW in solar power plants,
- 100 MW in wind farms
- 16.5 MW in biomass power plant

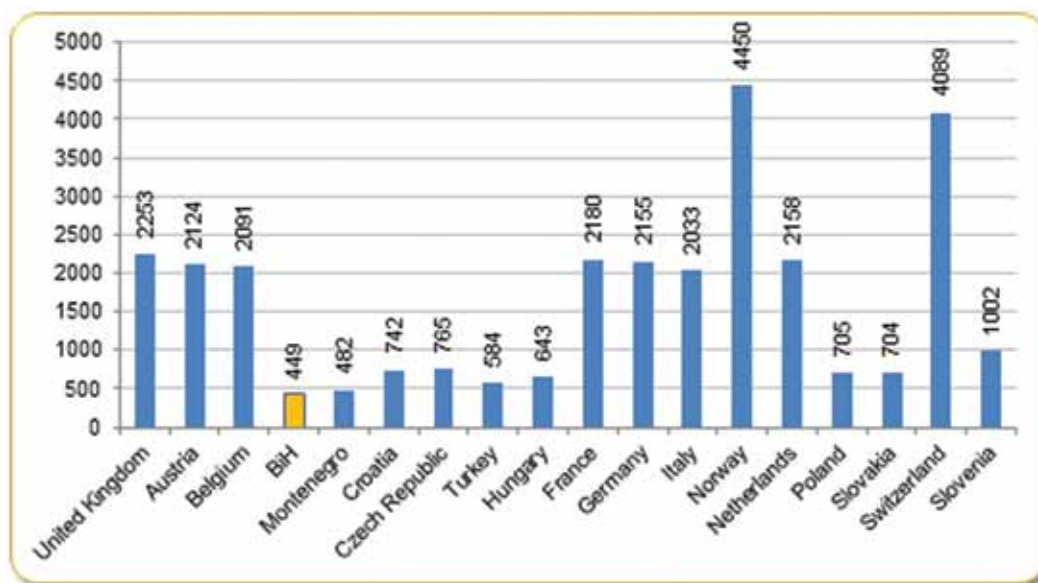
Guaranteed feed-in prices and premium for electricity generated in facilities using RES are defined in following regulations:

Federation of BiH: Decision of the Federal Government on the approval of the Guaranteed purchase prices of electricity from power plants using RES and EC (Official Gazette Federation of BiH No 69/17)

Republic of Srpska: Decision on the amount of Guaranteed Purchase Prices and Premiums for electricity produced from Renewable Sources or in Efficient Cogeneration (Official Gazette of Republic of Srpska, 39/17)

SKILLED HUMAN CAPITAL

Work force is educated, highly talented, efficient, creative, innovative, as well as price competitive (in comparison with other EU countries).



Average net monthly wages in € (2018)

ENERGY RESERVES AND POTENTIALS

Bosnia and Herzegovina is endeavored with significant and diverse indigenous natural energy resources that are still untouched or only partly exploited, such as:

- The main energy resource of BiH is coal (brown coal and lignite), with estimated reserves of 6 billion tons (average annual coal consumption for electricity production is about 8 million tons)
- The hydropower potential is 6000 MW which locates BiH on the eight place in Europe and currently installed capacity of 2 054 MW represents 36% of total hydro potential
- According to the extensive researches, there is significant wind energy potential which is estimated at 2000 MW
- Raw material resources for the bio-mass energy are extremely favorable, including approximately 1.5 million m³ of forest / wood industry residues (all wood waste, sawdust, chips, and chipped technical wood), etc.
- Potential for exploitation of geo-thermal and solar energy are available too, but have not been sufficiently explored and exploited
- Preliminary research surveys of oil and gas, had indicated the presence of promising deposits on a number of sites in BiH (off-balance sheet reserves are estimated at about 50 million tons of oil)

ENERGY SUBSECTORS

B&H energy sector encompasses the following main subsectors:

- Coal
- Oil & Natural gas
- Power generation

COAL

Coal is one of the most important energy resources in Bosnia and Herzegovina. Major deposits of lignite and brown coal are sited all around Federation of BiH (FBiH) and Republic of Srpska (RS). Most of the existing coal mines fuel thermal power plants (TPP) in both entities. Coal mines situated in Northeast and Central Bosnia serve two TPPs, Kakanj and Tuzla, operated within the company Elektroprivreda Bosne i Hercegovine (EPBiH), whereas Ugljevik Coal Mine and TPP, and Gacko Coal Mine and TPP are operated within the company Elektroprivreda Republike Srpske (EPRS).

EXISTING COAL MINES IN FEDERATION OF BIH

- Banovići (brown coal) surface mines Čubrić, Turija and Grivice; underground mine Omazići
- Durđevik (brown coal) surface mines Višća II and Potočari ; underground mine Durđevik
- Kakanj (brown coal) surface mine Vrtlište and underground mine Haljinići
- Zenica (brown coal) underground mines: Stara jama, Raspotočje and Stranjani
- Breza (brown coal) underground mines: Sretno and Kamenice
- Bila (brown coal) underground mine and surface mine Grahovčići
- Kreka (lignite) surface mines Šikulje and Dubrave; underground mines Mramor and Bukinje
- Livno (lignite) Tušnica surface mine
- Gračanica, G.Vakuf/Uskoplje (lignite): Dimnjače surface mine

POTENTIAL COAL MINES

- Surface mine Kongora to fuel TPP Duvno
- Surface mine Kotezi to fuel TPP Bugojno
- Surface mine Kamengrad (brown coal) Sanski Most

EXISTING COAL MINES IN RS

- Ugljevik (brown coal) surface mines Bogutovo Selo and Ugljevik - East - TPP Ugljevik
- Gacko (lignite) surface mines Gračanica and Gacko - TPP Gacko
- Stanari (lignite) surface mine Raškovac -TPP Stanari

POTENTIAL COAL MINE

- Miljevina (brown coal) surface and underground mine



Location of coal mines and thermal power plants in B&H

Reviews of geological coal reserves in BiH are shown in following table:

COAL	RESERVES (000 t)				
	Balance	Out of balance	Potential	Total geological	Mineable
Total Lignite	1 437 635	412 103	1 386 653	3 236 391	1 004 593
Total Brown Coal	1 181 491	214 991	1 124 320	2 526 802	825 512
TOTAL	2 625 126	627 094	2 510 983	5 763 193	1 829 805

OIL & NATURAL GAS

Bosnia and Herzegovina is predominantly dependent on import of the liquid fuel and natural gas. A total of about 150 million USD were invested in oil and gas exploration, and the results indicated that both areas were rather perspective in terms of oil and gas prospecting. The oil and gas exploration results in Bosnia and Herzegovina justify further explorations and indicate that there are realistic possibilities of finding commercially viable deposits.

OIL

Bosnia and Herzegovina oil industry encompasses imports and refining of imported crude oil and production of petroleum products.

The BiH oil sector developed significant production capacities, comprising two refineries based on the most up-to-date world technologies, but presently only partly employed, including:

- Refinery Brod, which capacity is 4 million t/year, processes imported crude oil into various products (motor fuels, liquid petroleum gas, bitumen, etc)
- Refinery Modriča, which produces motor oils and various special purpose technical oils for the industry and other commercial purposes.

NATURAL GAS

Within Bosnia and Herzegovina energy sector the gas subsector is the least developed and the development of the gas sector in Bosnia and Herzegovina is unquestionable in terms of strategy.

Currently, the gas is procured/imported over only one pipeline, with the length of 191 km and the projected annual capacities of 1 billion m³. The demand projections until 2020 amount from 1.5 to 3 billion m³ of gas, foreseeing serious gas sector reform and development, which comprises:

- Construction of an alternative supply route
- Distribution network development
- Construction of the underground storages
- Diversification of the gas supply sources, etc.

The option of substituting the imported natural gas with the gas produced by coal gasification is under consideration too.

POWER GENERATION

Electricity is predominantly produced in hydro and thermal power plants. Currently, the production facilities, with total installed capacities of 4000 MW, exceed the domestic demands and the electricity is exported. In 2018, in Bosnia and Herzegovina, production of electricity amounted 17,873 GWh, (18,0% more than in year 2017), because of exceptional favorable hydrological situation and production growth in Hydro Power Plants of 6 300 GWh. Thermal Power Plants produced 10.954 GWh. Generation from Renewable Energy Sources (wind, small hydro and solar power plants) recorded amount of 602 GWh.



NEW POWER GENERATION PROJECTS DEVELOPMENT

Intending to harness the substantial and diversified energy resource base in Bosnia and Herzegovina, all relevant stake-holders in Bosnia and Herzegovina are adopted development and investment programs for construction of new generation plants, entirely respecting recommendation from EU Directives 2003/54 and 2009/28.

Significant investments in new power system facilities and expansion of power generation capacities are foreseen by these programs, in order to meet growing electricity supply deficit within regional and larger European markets.

Investment programs encompass a number of the development projects, based on coal, hydro and renewable energy sources, including both expansion of existing and construction of new power generation capacities.

LARGE THERMAL POWER GENERATION PROJECTS

There are a total of five new coal-fired thermal power generation projects, with potential electricity production capacity of approximately 2000 MW.

Coalmine/Power Plant	Installed Capacities in MW
Bugojno - Coalmine/power plant	300
Ugljevik 3 - Coalmine/powerplant	2 x 300
Gacko 2 - Coalmine/powerplant	350
Tuzla - G7	450
Kakanj - G8	300

LARGE AND SMALL HYDROPOWER PROJECTS

Development programs identified 15 potential new large and small hydropower projects, and 4 rehabilitation and expansion projects, with potential electricity production capacity of approximately over 2000 MW in total. Rehabilitation and expansion projects are foreseen in hydro-power plants Jablanica, Rama, Jajce and Čapljina.

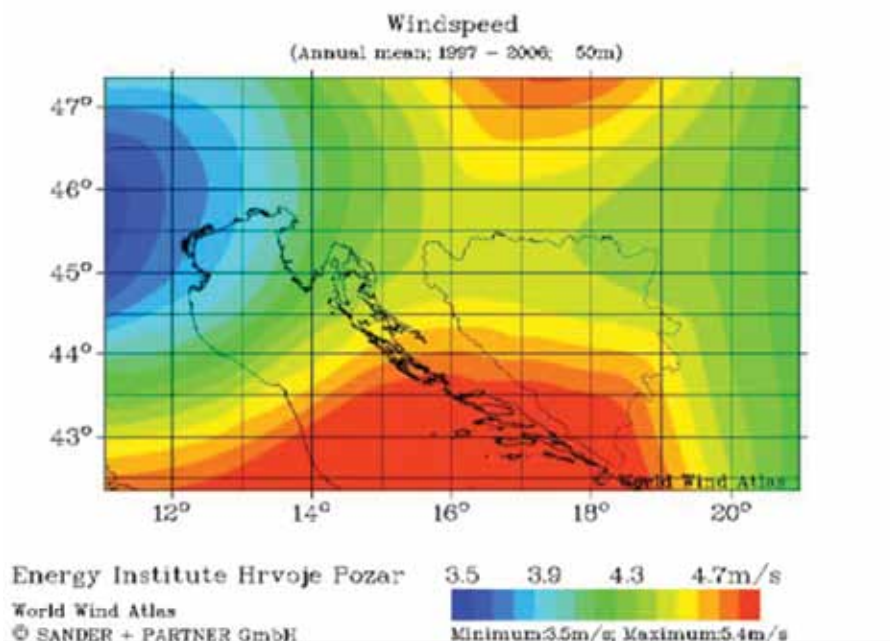
LOCATION/MUNICIPALITY AREA	INSTALLED CAPACITIES IN MW (ESTIMATION)	LOCATION/MUNICIPALITY AREA	INSTALLED CAPACITIES IN MW (ESTIMATION)
Ustikolina	3x22	Dabar	160
Vranduk	21	Bileca	36
Rmanj Monastir	2x36	Paunci	42.3
Vrilo	2x26	Krupa & Banja Luka	48.5 + 37.2
Glavaticevo	3x9,5	Mrsovo	43.8
Bjelimici	2x50	Ulog	30
Dubrovnik 2	2x152	Ugar	40
Buk Bijela & Foca	250		

MINI HYDROPOWER PROJECTS (CAPACITY OF 5 MW OR LESS)

In the Bosnia and Herzegovina river basins there were identified over 400 potential micro locations for construction of the mini hydro power plants, enabling cumulative increase of the electricity production capacity of approximately 1000 MW.

WIND ENERGY POTENTIALS

The world wind atlas and results of last 15 years wind speed measurement in Herzegovina region- shown that the southern part of Bosnia and Herzegovina is the most perspective for wind power plant development.



Average annual wind speed 50 m a.g.l. for the period 1997-2006 as a result of global weather model

Favorable locations for wind power plant construction, are shown at the table below:

LOCATION	POWER (MW)	LOCATION	POWER (MW)
Mostar		Duvno	
- Velika Vljajna	42	- Ugrovaca	40
- Jastrebinika	20	- Duvanjsko polje	50 - 90
- Raška Gora	20	Livno	
- Krešića Gaj	20	- Borova glava	30
- Jasenjani	20 - 30	- Cincar	30 - 40
- Podveležje	160-180	Bihać	
- Pločno	20	- 2 locations	40 - 60
- Bahtijevica	30	Čvrsnica mountain	
Stolac		- Pločno	20
- Hrgud	20	Čapljina	
- Dabarsko polje	20	- Hrasno	20 - 30
Kupres		Nevesinje	
- Debelo brdo	20 - 30	- Morine	150
- Zlo selo	20 - 30	- Kruševljani	20-30
- Šuica	20 - 30	- Grebak 20-30	
- Ravanska vrata	20-30	Berkovići	
- Filipovića polje	20	- Gornja trusina	20
Glamoč	20 - 30	Trebinje	
Bosansko Grahovo		- Popovo Polje	50 - 60
- Medeno polje	20 - 30	Bjelašnica Mountain	20 - 50

The estimated total wind power potential at 18 selected locations is 1030 - 1180 MW with electricity production of 2.4 TWh/year. Average utilization factor of 30% represents the top level of productivity, even in European terms.



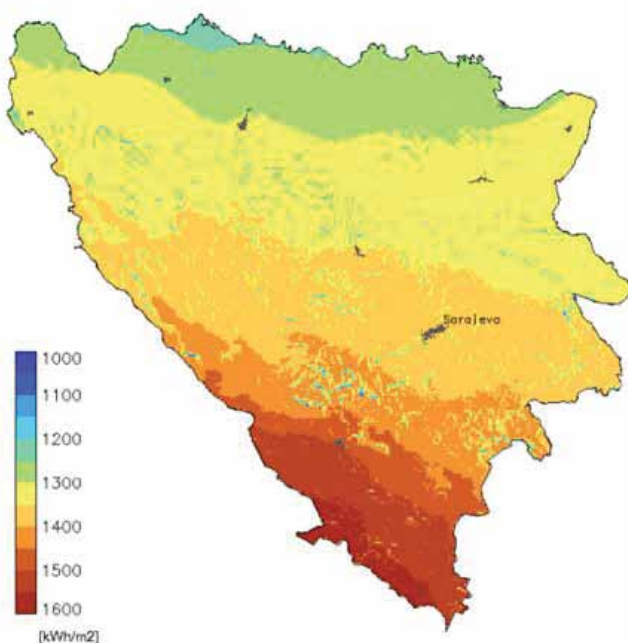
However, the total wind potential in B&H is probably much higher, in the order of 2000 MW. This estimate results from the analyses of available space, but doesn't take into account possible limitations (like grid integration possibilities, environmental protection, etc.). The connection capacity of wind farms to the transmission grid, of 350 MW is distributed between two entities in the ratio of the amount of 230 MW for Federation and 120 MW for Republic of Srpska.

Accordingly, B&H Transmission Company issued approval in principle for wind farms:

1. Koncig d.o.o. Posušje - WF Debelo Brdo (54 MW)
2. Lager d.o.o. Posušje - WF Gradina (26 MW)
3. HB Wind d.o.o. Livno - WF Orlovača (42 MW)
4. EOL Prvi d.o.o. - WF Trusina (51 MW)

SOLAR ENERGY POTENTIALS

B&H resources of solar radiation energy is above the European average with very favorable seasonal schedule, and possibility for its effective and long-term use. The theoretical potential of solar energy amounts about 74.65 PWh. It can be said that B&H is one of the most favourable locations in Europe, where solar radiation is concerned. The solar irradiation values vary accordingly with about 1,240 kWh/m² in the north to 1,600 kWh/m² in the south where the number of sunny days can reach 270 days per year with a solar thermal potential of approximately 1,900 TWh. Irradiation map in Bosnia and Herzegovina is the main indicator for the selection of locations for solar power plants. Potential locations are identified in the region of Herzegovina and Western Bosnia, with around 10 500 ha of available surfaces. Potential installed capacity for photovoltaic power plants is 4010 MW that is 10% more than the total installed capacity in the existing power plants in B&H. Capacity of transmission network for integration of PV power plant in 2020, amounts 565 MW.



Average Annual Sum of Horizontal Plane Irradiation (kWh/m²)

ALREADY CONSTRUCTED PV POWER PLANTS

196 solar power plants (148 in Federation BiH and 48 in Republic of Srpska) produced in 2018 20,65 GWh.

INVESTMENT PLAN PROJECTION

Basic structure of economic and financial analysis of investment projects, in preparation of long term development of the energy sector of B&H from 2016 to 2020 presumes creation of an information the basis of which is, inter alia, made of investments in construction of new and rehabilitation of the existing plants and installations of the energy sector. A review of total investments by Energy sector within the framework of the BiH energy sector development until 2020 is shown at following table:

ENERGY SECTOR INVESTMENT IN THE PERIOD 2016-2020	
Subsectors	Investment / Million € /
Power Sector	1 044
EP BiH	414
EP HZHB	155
EP RS	396
BiH Transmission Company	78
NOS BiH	0
Coal Mines	177
Federation BiH	85
Republic of Srpska	92
Gas Sector	13
Gas Transmission Systems	0
Underground Storage	0
Gas Distribution Systems	13
Oil Sector	0
Modernization & Construction	0
Storage Facilities	0
District Heating Sector	167
TOTAL	1 401

Source: B&H Energy Sector Study - World Bank

LEGAL FRAMEWORK

Legal framework for power sector in Bosnia and Herzegovina is defined by:

State level:

- Law on transmission, regulator and system operator of electricity in B&H
- Law on establishment Transmission Company in B&H
- Law on establishment Independent System Operator in B&H
- Law on Transmission, Regulator and System Operator in B&H

Entity level:

- Law on electricity in the Federation B&H
- Law on electricity in the Republic of Srpska
- Energy Law
- Law on Renewable Energy Sources and Cogeneration in Federation B&H
- Law on Renewable Energy Sources and Cogeneration in RS

EUROPEAN ENERGY COMMUNITY

B&H is a member of the Energy Charter Conference and signatory of two Athens Memorandums of Understanding on the Regional Energy Market in South East Europe and its integration into the European Community Internal Energy market.



ENERGY RELATED INTERNATIONAL OBLIGATIONS

Bosnia and Herzegovina ratified the following Agreements, Protocols and Conventions:

- Agreement on the Energy Charter Treaty (ECT) and the Protocol on Energy Efficiency and Related Environmental Aspects (PEEREA), which main issue areas include investments; trade, transit; and energy efficiency
- International Energy Charter
- UN Framework Conventions on Climate Changes
- Convention on Cross border Traffic Control of dangerous waste and its disposal
- Convention on Adriatic Sea Pollution Protection
- Kyoto Protocol
- Agreement on Energy Community Establishment

EU DOCUMENTS RELEVANT FOR POWER SECTOR POLICY OF B&H

The Energy Community Acquis follows the development of the EU legal framework and at present it includes its key energy legislation in the fields of electricity, gas, environment, competition, renewable energy sources, energy efficiency, oil and statistics. In addition to the EU Acquis, the Ministerial Council adopted several independent measures pertaining to dispute resolution, establishment of the "8th Region" aimed at facilitation of cross-border electricity trade and measures for coordination of security of supply.

The EU documents relevant for the energy policy of BIH include the following:

- White Paper on preparation of Central and East European associate states for integration in to internal market
- Directive 2009/72/EC concerning common rules for the internal market in electricity
- Directive 2009/73/EC concerning common rules for the internal natural gas market
- Regulation 714/2009/EC on conditions for access to the network for cross - border exchanges in electricity,
- Regulation 715/2009/EC, on conditions for access to the natural gas transmission network
- Directive 2004/67/EC concerning measures to safeguard the security of natural gas supply
- Directive 2005/89/EC concerning measures to safeguard security of electricity supply and infrastructure investments
- Directive 2009/28/EC on the promotion of the use of energy from renewable sources

EU legislation on energy efficiency includes:

- White Book on Energy Policy
- Green Book Towards a European Strategy for the Security of Energy Supply
- Directive 2010/30/EC on the indication by labeling and standard product information of the consumption of energy and other resources by energy - related products
- Regulation on Cross-border Trade in Electricity (1228/2003/EC),
- Directive 2010/31/EC on the energy performance of buildings
- Directive 2006/32/EC on Energy End-use Efficiency and Energy Services,
- Action Plan on Energy Efficiency: "Saving 20% by 2020".

EU legislation on renewable energy sources includes:

- White Book on Renewable Energy Sources,
- Communication on alternative fuels for road transportation and on a set of measures to promote the use of Bio-fuels,
- Directive 2009/28/EC on the promotion of the use of energy from renewable sources
- Directive 2004/8/EC on Promotion of Cogeneration.

Third Legislative Package for an internal EU gas and electricity market was adopted with the implementation deadline set for January 1, 2015. Exceptionally, the implementation deadline for Article 11 of Directive 2009/72/EC shall be January 1, 2017.

THE FOREIGN COMPANIES THAT ALREADY INVESTED IN BIH ENERGY SECTOR

Top 5 Foreign Direct Investment in B&H Energy sector where the Foreign companies invested more than 15 million EUR, are shown at following table:

Country	B&H Company	Foreign Company	Subsector	Investment in 000 EUR
Denmark	„EFT Group Rudnik lignita Stanari“ d.o.o. Stanari	EFT ApS Kopenhag	Coal	600 000
Russia	Rafinerija nafte Brod Rafinerija ulja Modriča	Nefte Gauin Kor (Zarubežnjet)	Oil	245 423
Slovenia	Petrol BH Oil Company d.o.o. Sarajevo	Petrol Ljubljana	Oil	43 460
Croatia & Hungary	Energopetrol d.d. Sarajevo	Consortium MOL/ INA	Oil	23 520
Germany	„Messer Sarajevo - Plin“ d.o.o. Sarajevo	Messer Gresheim H.	Gas	15 313
	„Messer Mostar - Plin“ d.o.o. Mostar			

RECOGNITION OF EXISTING FOREIGN INVESTOR

“...The investment climate in Bosnia is in our view very attractive for investors. First of all, there are ample natural resources in terms of coal and water available for hydro units. Additionally, the investment climate and regulatory environment in the energy sector is improving.”

Mr. Vuk Hamović, EFT Group Chairman (United Kingdom) (EFT implements a 600 million € worth project of Thermal Power Plants Stanari and production is planned for 2016)



USEFUL CONTACTS

Generation, Distribution and Supply of Electricity

- Public Company Elektroprivreda BiH - **www.elektroprivreda.ba**
- Public Company Elektroprivreda HZHB - **www.ephzhb.ba**
- Mixed Holding Elektroprivreda Republike Srpske - **www.ers.ba**

Laws and Regulations - Entity Ministries

- Federal Ministry of Energy, Mining and Industry - **www.fmeri.gov.ba**
- Ministry of Industry, Energy and Mining of republic of Srpska - **www.vladars.net**

Transmission of Electricity and International Trade

- State Electricity Regulatory Commission-DERK - **www.derk.ba**

Licensing, Tariffs and Technical Conditions

- Entities Regulatory Commissions FERK - **www.ferk.ba** & RERS - **www.rers.ba**

Transmission and Market Development

- Electricity Transmission Company Elektroprenos/Elektroprijenos BiH - **www.elprenosbih.ba**

Incentive Rights and Obligatory Purchase Agreement

- Operator for RES and EC in FBiH - **www.operatoroieiek.ba**
- Operator for RES and EC in RS - **www.ers.ba**

ENERGY SECTOR PROJECTS IN BOSNIA AND HERZEGOVINA

Hydro Power Plant projects in Bosnia and Herzegovina:

- Babino Selo, Donji Vakuf
- Bileća, Trebisnjica river
- Drina I, Drina II, Drina III
- Han Skela, Jajce
- Ivik, Jajce
- Kablic, Livno
- Kovanici, Zenica
- Nevesinje, Zalomka river
- Ugar Usce, Jajce
- Ustikolina, Gorazde
- Vrletna kosa, Jajce
- Krusevo and Zeleni Vir
- 6 HPP on Bosna River
- Reversible hydro power-plants "Vrletna Kosa" and "Usce"

Small and mini Hydro Power Plant projects in B&H:

- Ponor river, Mrkonjic Grad
- Marin most, Prozor Rama
- Toplica 3, Kiseljak
- HES "GORNJA NERETVA", Kalinovik and Gacko
- MHPP Ivancica, Busovaca
- Small HPP, Medna Sklop, Mrkonjic Grad
- Small HPP Sokocnica, Mrkonjic Grad
- Small HPP Krusnica 1, Vitez

Thermal Power Plant projects in B&H:

- Bugojno, 300 MW
- Kakanj, Unit 8
- Miljevina, Foca

Wind Farm projects in B&H:

- Borova glava, Livno
- Plocno, Mostar
- Poklecani, Posusje
- Relaks, Posusje
- Velika Vljajna, Mostar
- Wind farm Derala, Bosansko Grahovo
- Wind farm Galica, Vlasica
- Wind farm Vlasica
- Wind parks Slovinj and Dzeva, Glamoc
- Wind farm Orlovaca, Livno
- Wind farm Skadimovac, Glamoc

Biomass & Solar projects in B&H:

- Cogeneration plant on biomass, Sokolac
- Biomass power plant, Visoko
- Photovoltaic power station Spreca 1, Kalesija
- Central Heating system, Teslic
- Photovoltaic plant Vodovod 1&2, Samac
- Heating system in Municipality of Mrkonjic Grad
- Waste-to-Energy plant, Kotor Varos

Other energy sector projects proposed by Entities' Governments:

REPUBLIC OF SRPSKA

- Lower Drina Hydropower Plants
- Hydropower Plants on the Middle Drina
- Hydropower Plants on the Upper Drina
- Hydropower System Upper Horizons
- Hrgud Wind Farms, Berkovici
- Reconstruction and Energy Efficiency Improvement in Public Lighting System of Sokolac Municipality
- Installation of Solar Panels on Public Institution Buildings, Teslic
- Procurement of Generators for Landfill Gas Use for Energy, Banja Luka

FEDERATION OF BOSNIA AND HERZEGOVINA

- HPP Maglaj, River Bosna 11 MW
- HPP Komšići Maglaj, River Bosna 10 MW
- HPP Vinac Jajce, River Vrbas 12 MW
- HPP Bjelimići Konjic, River Neretva 100 MW
- WPP Bitovnja Konjic 60 MW
- WPP Medveđak Bihać 30 MW
- Gas Pipeline Novi Travnik BiH - Zagvozd Hrvatska
- HS TPP Tuzla - Živinice
- HS TPP Tuzla Tuzla Proširenje
- HS TPP Kakanj - Zenica
- HS TPP Kakanj - Sarajevo
- HS TPP Kakanj - Lašva Valley
- HPP Unac, River Una 72 MW
- HPP Kostela, River Una 8 + 6 MW
- 15 MHPP in the River Neretva Basin 24.5 MW



TEXTILE AND FOOTWEAR INDUSTRY IN BOSNIA AND HERZEGOVINA



LONG TRADITION AND AN INTERNATIONAL REPUTATION

BiH has a long tradition of textile and leather-processing industry, which is confirmed by the fact that the first "Professional Skilled Leather School Visoko" was opened in Visoko, in 1929, in which the future personnel for leather industry from all parts of the former Yugoslavia were educated. Although it has never been considered one of the priority sectors of the economy until the 90's of this industry has achieved remarkable results, and largely contributed to balancing the foreign trade balance of the country. Today's global business environment has undergone significant changes and is completely different from its intensive development in the early 1990s. In spite of the many problems that they face, there is a significant successes of companies from this sector, which, despite lohn jobs, are trying to develop the production of their own finished products, what is witnessed by the cooperation with the world's largest brands, primarily in the German and Italian markets. The textile, leather and footwear industry is a very heterogeneous activity that includes different products, semi-finished products and materials for further production, and includes the following subsectors :

Subsector TEXTILE INDUSTRY, which implies

- Manufacture of textiles (fibers, yarns, weaving, knitting and textile finishing) and
- Production of clothes (heavy and light ready-made clothes, underwear , car's upholstery, sports and protective equipment, medical and hotel program, home and technical textiles),
- Painting, dyeing and production of fur products (finishing and dyeing of fur, production of fur products, production of artificial fur and products of it)

Subsector LEATHER, LEATHER PRODUCTS AND FOOTWEAR which involves the production and processing of leather, production of leather goods and footwear.

A more favorable business climate in the sector (on which has been intensively working in both BiH entities) can accelerate the growth of BiH economy. Relieving the economy and the reduction of taxation in relation to other segments of the processing industry go in the direction of a significant increase in the salaries of workers. All the most successful companies in this sector (in foreign or domestic ownership) think (and behave) globally and their market (mostly for autochthonous domestic brands) are built beyond the borders of BiH because BiH textile industry is also dependent and focused on the EU market. There are many chances and opportunities that Bosnian and Herzegovinian textileman's, as neighbors of EU countries, can take advantage of. Whether there will be more base manufacturers or processors is not so important, how important it is for everyone to adapt to the needs of the market. Also, the constant development of human resources, organization and investment in technology are necessary to encourage competition.

Foreign partners who want to invest in BiH mainly come because wages are still remarkably low, as well as the tax burden, overhead and other production costs, also, lower costs of goods transport are in the category of the most important advantages of bh textile sector. Migration of production into the transition countries that are close to the European (sales) market where labor is extremely cheap has intensified after the European industrialists have been "fed up" with China, where, in the meanwhile, wages has increased and working conditions have improved and, accordingly, the profit rate has fallen. BiH still, of course, in terms of good earnings, looks tempting.

The real still unused opportunities of the sector are:

- Export tradition and export orientation an acquired experience in cooperation with EU partners as an opportunity for the transfer of knowledge, experience and technology,
- Increasing production and strengthening the partnership in the chain of higher price and brand development,
- More efficient use of projects funded by the State and the EU.



Bearing in mind the potential of this sector and unused opportunities, BiH has significant resources to attract foreign companies which want to relocate their production or a part of it closer to their main markets and which, this way, can provide short delivery time for European merchants.

STANDARDIZATION AND CERTIFICATION

There is no legal regulation in this area. About 10% of BH companies in the textile, leather and footwear sector have fulfilled some of the standards (ISO 9001- Quality Management Standards). In BiH, there are four companies that offer certified products according to the green certification of Oekotex Standard 100, while none are certified as Eco Label. There is no domestic green certification of textile and leather products.

Within the framework of the Institute for Standardization of Bosnia and Herzegovina, there is the Technical Committee (TC48) for textiles, leather, clothing and footwear whose area of work is pre-drafting, definition of draft and proposal of BH (BAS) standards and the application of international procedures for taking over international, European and national standards in the field of textile, leather and footwear industry. On the Institute's website, it is possible to find all BiH standards that have been adopted by TC48 www.bas.gov.ba

PROFESSIONAL ASSOCIATIONS

In July 2011, the Foreign Trade Chamber of Bosnia and Herzegovina established the Association of Producers, Processors and Traders of Textile, Clothing, Leather and Footwear in BiH (Association T.O.K.O.)

Companies from this sector in the Republic of Srpska are gathered in the Textile, Leather and Footwear Association within the Republic of Srpska Chamber of Commerce. This association is the basic form of organization and work of the members of the Chamber of Commerce of the Republic of Srpska in the field of textiles, leather and footwear.

Chamber associations at the Entities, as well as at the cantonal level, exist in the Federation of BiH.

The Association of textiles, footwear and leather in Bosnia and Herzegovina (U.T.O.K.) was formed in 2006 as a non-governmental, non-profit organization, whose goals are to support and improve the development of the textile, footwear and leather industry. The field of activity of the U.T.O.K. is the whole BiH.

U.T.O.K. has cooperation with similar associations in other countries, as well as with the Euratex organization that brings together textile producers from across the EU.

Workers employed in this industrial branch also join trade unions (labor union of workers of textile, leather, footwear and rubbers of BiH, trade union of textile, leather, footwear of Republika Srpska).

INCENTIVE, SUBSIDIES AND BENEFITS

The textile, leather and footwear sector is in a constant growth, both in the number of companies and in the number of employees. This is because these are the activities that employ people the quickest, and also the activities that have constant growth of exports. More intensive subsidizing and incentives for the textile, clothing and footwear industry is a tendency in BiH.

Since 2013, the Council of Ministers of BiH has made annual decisions on the temporary reduction of customs duties on imports of raw materials and reproductive material for the manufacture of footwear. With this practical move the savings to the footwear sector has been made when importing soles (which no one in BiH produces) due to a decrease in customs duty from the previous 15% to 3%. Benefits of these decisions more than 250 companies in the textile and shoe industry of BiH have.

The incentive policy is run at the entity level. In the past period, the authorities in both entities implemented a series of programs that provided incentives for the textile, clothing and leather indus-

try, either directly or through grant and credit funds for the development of entrepreneurship, to strengthen the competitiveness of small and medium-sized enterprises, for the implementation of employment support programs. Within the budget funds of the cantons and municipalities, there are funds for incentives, depending on the available financial possibilities (incentives for development of business branches, incentives for employment, increase of exports, incentives for certification)...

International organizations (UNDP) and development agencies from the most economically developed countries of the world (USAID, SIDA, GIZ, etc.) through the projects that they implement (CREDO, LIR and the like), including the textile, leather and footwear sector, also provide direct financial support to this, for BiH, an extremely important industrial branch.

SECTOR IN NUMBERS

Gross value added

GDP for BiH for 2017 was nominally KM 31 376 237 thousand, and compared to 2016 it was nominally higher by 4.9%, while real growth amounted to 3.16%.

Activity	Value in BAM 2017	Structure, % 2017	Index 2017- 2016
Textiles manufacture	134 609	0.43	114.09
Clothing manufacture	164 814	0.53	114.32
Production and processing of leather	209 168	0.67	108.02
Sector	508 591	1.63	111.58
Processing industry	4 114 997	13.12	111.25

Source: Agency for Statistics of Bosnia and Herzegovina

The gross value added of the textile, clothing, leather and footwear sector, on average, has increased by 11.58%. The activity of the total manufacturing industry registered nominal growth by 11.25% compared to 2016, while the real growth rate was 8.31%. In the structure of GDP realized in 2017, the processing industry participates with 13.12%, and the textile, leather and footwear sector with 1.63%.

NUMBER OF COMPANIES AND EMPLOYEES

Enterprises (425 of them) of this sector are represented with 8.6% in the number of enterprises in the total BH manufacturing industry (4 957). The number of employees in the textile, leather and footwear sector is 22.3% of the total number of employees recorded at the end of 2018 in the manufacturing industry in BiH and is 4.3% higher than the number of employees in 2017.

From pre-war more than 100,000 workers in the textile and footwear sector in Bosnia and Herzegovina, about one-third (37,034) of workers have remained, as a result of the devastating events of the 1990s, and the process of transition and privatization continued to devalue the economy. A significant number of firms ended up with bankruptcy and liquidation. In Far East countries, wages have increased, and quality is being sought, so the orders from China and the Middle East countries have started to shift to Europe.

According to some estimates, a minimum of 40 percent of production from the Far East to Europe has been returned. It is certain that some of the customers will come to BiH and look for manufacturers for their own needs. This is a real chance for opening new companies and new jobs.



DIRECT FOREIGN INVESTMENT IN SECTOR

It is noticeable that the inflow of foreign investments into the textile, leather and footwear sector is currently nominally lower than the record that was achieved in 2008. Mostly Italian, German and Slovenian companies have invested in the bh textile, leather and footwear sector.

The current situation, as desirable, requires investments in the modernization of equipment and adoption the new technologies, improvement in work organization and strategic market linking in the sector. Possibilities of faster and more significant inflows of foreign capital in the textile, leather and footwear sector are:

- Greenfield investments, in factories for fabric finishing, leather processing, wool processing and facilities for the production of fashion clothing and shoes of world-renowned brands.
- Joint ventures, through the purchase of new machines, through the training and recruitment of new workers, and modernization and expansion of existing companies capacities.
- Privatization and takeover of existing bankrupt companies with significant unused production capacity and
- Establishment of a partnership between domestic and foreign companies based on division of business (domestic companies provide inputs for production, and foreign designs models and determine production quantities in accordance with the needs and requirements of foreign markets.

SUCCESS STORIES

Some of the successful foreign investors in the textile sector of Bosnia and Herzegovina are:

- PREVENT GROUP is the most important international group and member of a global company that employs over 13.000 employees in 36 locations worldwide.
- Sportek d.o.o. Kotor Varos, (investor Diamant Holding s.r.l. and Diamont s.r.l. from Italy). A Greenfield investment that currently employs close to 2.000 workers.
- Olip-Bosna d.o.o. .. Travnik. Investor Olip Italia Spa Verona. The company currently employs close to 1.300 workers.
- Bema d.o.o.Banja Luka is a Slovenian investment in the production of men's, women's, children's and sports footwear with 1.350 employees in factories.
- Boxmark d.o.o. Lukavac. Investors BOXMARK Leather Holding GmbH from Austria. It is engaged in production of upholstery for seats in the auto industry, employs 440 workers.
- Dević-Tekstil d.o.o. Teslić is a greenfield investment Dević d.o.o. Zagreb. with more than 300 workers in Teslic and Srbac.
- FEN BH d.o.o. Lukavac. Investor FENSCHLAF SYSTEM Düsseldorf, Germany, has been operating in BiH since 1997 and employs approximately 300 workers in two shifts.
- Dubicotton Kozarska Dubica, a company for the processing of cotton and viscose fibers. Production started in 2007. and they currently employ over 250 workers

PREVENT BH d.o.o.

*"Why Bosnia and Herzegovina? Simply because Bosnia and Herzegovina provides us with a comparative and a competitive edge in the automotive and textile 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. 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. Bosnia and Herzegovina is able to attract, keep and provide the base for further expansion of companies and industries within its environment". - **Mr. Almir Jazvin, Managing Director***

SPORTEK KOTOR VAROS

“Last year, we have invested in equipment and facilities more than 3.5 million KM, and we intend to build a new hall and expand production. Bosnia and Herzegovina has a favourable business environment for investors when it comes to the price of labor. There are options to invest in other types of production, and not just in the footwear industry.” - Mr. Federico Zeketo, Owner of Sportek Kotor Varos

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.” - Mr. Slobodan Borojević, Managing Director

BEMA BANJA LUKA

“We currently have more than 1500 employees and also we plan to hire new workers. In the past ten years in the development of production and repair facilities, we invested more than eight million KM. We are proud of the fact that we have grown into very successful company.” - Mr. Marinko Umićević, Technical Director

USEFUL CONTACTS

Ministry of Foreign Trade and Economic Relations of B&H - www.mvteo.gov.ba

Foreign Trade Chamber, Association of the textile, leather, footwear and trade show organizers - www.komorabih.ba

UTOK - Association of textile, leather and footwear in B&H - www.textile-leather-shoes.com

Federal Chamber of Economy, Association of the textile, leather and rubber processing industries - www.kfbih.com

Chamber of Economy Republic of Srpska, Association of the textile, leather and footwear industries - www.komorars.ba

Institute for Standardization of Bosnia and Herzegovina - www.bas.gov.ba

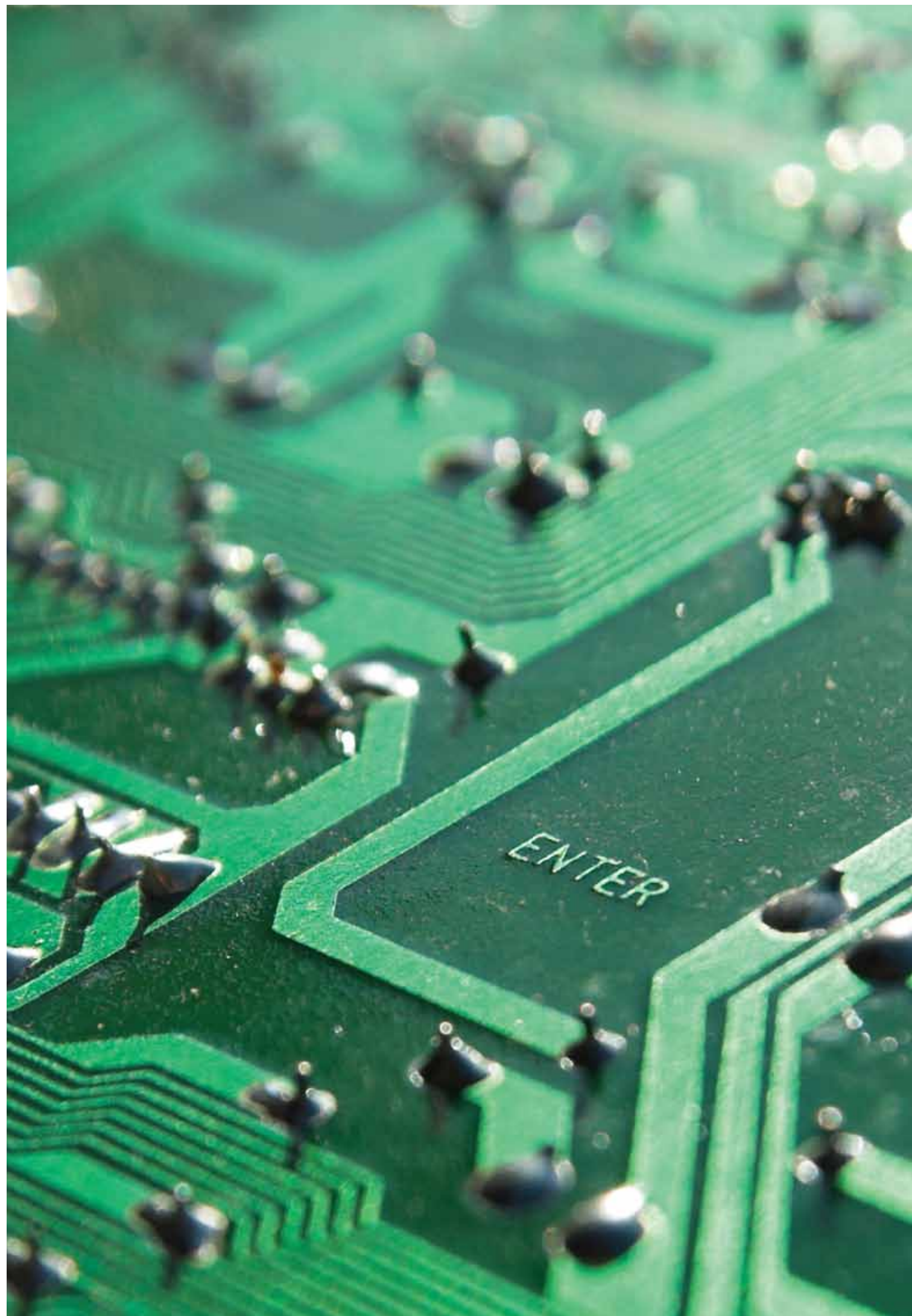
TEXTILE SECTOR PROJECTS IN BOSNIA AND HERZEGOVINA

Textile sector projects in Bosnia and Herzegovina:

- Bellissima Ltd Sarajevo
- Cloth diapers Banja Luka
- Rock N Folk Fashion Line Sarajevo
- Expanding production capacity and purchase of equipment, Bugojno
- Purchase of machinery for manufacturing of parts of shoes, Travnik

Other textile sector projects in Republic of Srpska:

- Novi Elastik a.d. Vlasenica





ICT SECTOR IN BOSNIA AND HERZEGOVINA

THE ICT INDUSTRY IS BOOMING IN BOSNIA AND HERZEGOVINA

Bosnia and Herzegovina's ICT sector has started to flourish during the past few years and represents one of growth area in the economy of the country. According to the BIT Alliance, the growth of revenue of software companies in BiH in the past few year ranged between 200% to as high as 1.400 %, and in terms of new employees almost 600%. BIT Alliance analysis that included 384 companies in total shows:

Number of employees:

2015: 3.496

2016: 3.962

2017: 4.258

Total revenue:

2015: 178.794.309,83 EUR

2016: 197.711.283,18 EUR

2017: 208.803.291,18 EUR

Engagement of western IT companies was the usual way for an outflow of money from BiH for years, but today this sector in BiH has the potential to be a leading industry that generates the greatest profit in relation to the gross domestic product (GDP).

In recent years, young software engineers and experts started establishing their own companies, thus raising the level of digitalization in our country. They are now working side by side with large foreign companies. This led to an extraordinary growth of the IT sector. The number of companies and new start-ups is constantly growing, and according to the association BIT Alliance (the organization for the industry of software development) about 1,400 companies and about 2,500 to 3,500 developers are working in the IT and computer programming sector in BiH. This sector has great potential to positively impact on the unemployment rate in BiH. According to "BIT Alliance", BiH spends only 0.04 % of its GDP on this industry, while the world average is 2.7 %.

"We established this company two years ago with only three workers, and now we have 15 of them, so we managed to expand quickly...We work mainly with the Swedish market, and the network of clients is expanding every day...One advantage to working in Bosnia is the availability of support to help company expand and maximize the impact of investment. Now is the time to invest in Bosnia and Herzegovina, as there's enormous potential for growth." - Mr. Senad Santic, owner of the company ZenDev Mostar

BUSINESS PROCESS OUTSOURCING INDUSTRY GROWTH

According to the analysis of Marisa Mejric, IT-BPO Expert, the early adopters initially earmarked Bosnia & Herzegovina for its ITO, with a healthy number of solely exported-oriented companies and daughter operations of North American and European counterparts establishing themselves. Soon after, customer management and other horizontal BPO positions became part of a continuing second-wave of growth buoyed by widespread conversational German and English skills, strong socio-cultural affinities, and the significant proportion of unemployed college and university graduates. The strong multilingual capabilities and transferable skills of the population have already been leveraged by several larger players (CCC, DDC, Teleperformance, Trizma) and a healthy number of small and medium-sized providers.



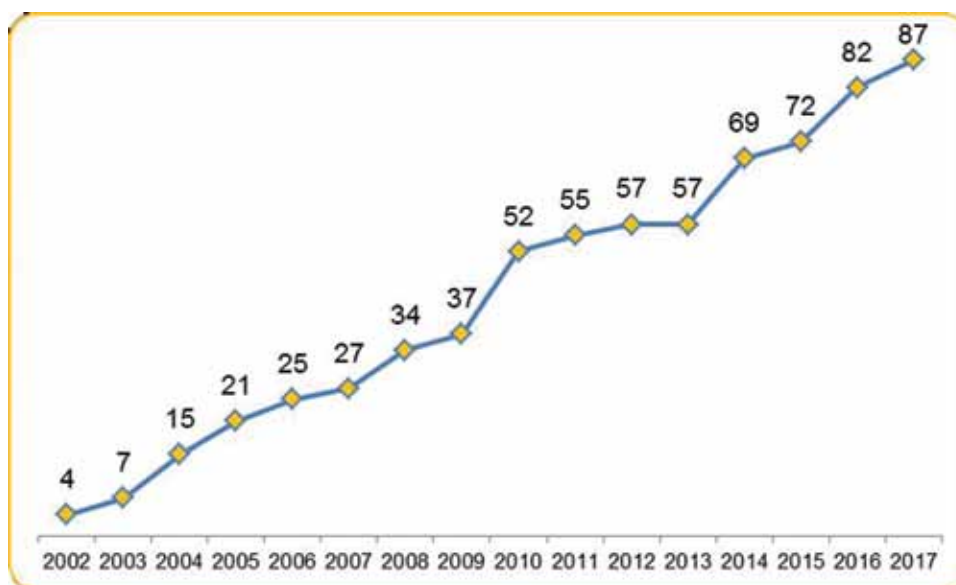
BPO AT A GLANCE

- 65+ specialist BPO/KPO providers (est 2018)
 - 2.750+ employed (est 2018)
 - 8 ABSL members present (2018)
 - Hiring speed: 3 months to fill 50+ customer management or IT help desk positions
- Source: Marisa Mejric, IT-BPO Expert

ECONOMIC BENEFITS FROM SOFTWARE INDUSTRY DEVELOPMENT IN BOSNIA AND HERZEGOVINA

According to the BIT Alliance (the leading association of software industry companies in BiH), their member-companies are exported oriented, recording 20 mill EUR worth of export only in 2015 and employing 700 staff members, mainly highly qualifies ones. According to the preliminary analysis of BIT Alliance, the annual income per software engineer ranges between 40 000 and 60 000 EUR. For example, training of a new 1.000 software engineers BiH could generate, primary from export, more than 45 mill EUR per year.

Penetration of Internet users in BiH



Source: www.rak.ba

HUMAN CAPITAL

Bosnia and Herzegovina possesses a growing labour force skilled in various aspects of ICT design, management, and applications. Young, educated and innovated workers from BiH are participating in international project and companies. It is estimated that at present there are between 2.500 to 3.500 programmers in Bosnia and Herzegovina. IT engineers from BiH, in terms of their knowledge, skills, experience and insight into modern trends, are frequently ahead of their colleagues in other European countries. The value of software industry is reflected in the fact that 60-70% of its labour in BiH constitute young people up to the age of 35. Without compromising quality, Bosnia and Herzegovina offers a competitively-priced skilled workforce. In Sarajevo (capital of Bosnia and Herzegovina), the monthly salary costs for a number of commonly-sought shared services centre positions are presented in the table below.



MONTHLY GROSS SALARY COSTS (IN EUR)

POSITION	LOWER	TYPICAL	UPPER
FINANCE & ACCOUNTING (AR/AP)			
JUNIOR ACCOUNTANT	425	550	950
ACCOUNTANT	575	700	1225
SENIOR ACCOUNTANT	675	850	1450
TEAM LEADER	775	950	1900
HUMAN RESOURCES			
JUNIOR PAYROLL SPECIALIST	625	700	750
PAYROLL SPECIALIST	750	800	975
SENIOR PAYROLL SPECIALIST	800	1000	1100
JUNIOR RECRUITMENT SPECIALIST	625	725	775
RECRUITMENT SPECIALIST	650	825	850
SENIOR RECRUITMENT SPECIALIST	950	1075	1100
CUSTOMER MANAGEMENT			
JUNIOR CUSTOMER SERVICE SPECIALIST	500	600	750
CUSTOMER SERVICE SPECIALIST	600	800	900
SENIOR CUSTOMER SERVICE SPECIALIST	750	950	1000
TEAM LEADER	900	1050	1200
IT SUPPORT			
IT TECHNICAL SUPPORT	475	775	1850
SYSTEM ADMINISTRATOR	650	925	1300
NETWORK ADMINISTRATOR	700	825	2100
SOFTWARE DEVELOPMENT			
JUNIOR SOFTWARE DEVELOPER (JAVA)	950	1125	1200
SOFTWARE DEVELOPER (JAVA)	1350	1750	2000
SENIOR SOFTWARE DEVELOPER (JAVA)	2150	2500	2850

Source: Marisa Mejric, IT-BPO Expert, plata.ba, Industry Interviews

With high tertiary enrolment rates, the country is fortunate to possess great depth in its human capital, providing an optimal environment for BPO vendors looking to hire, retain, and replace career-oriented professionals. Notwithstanding the 150,000+ higher-educated English-speaking and 27,500+ German-speaking citizens under the age of fifty currently employed in the service industries, there exists a substantial number of similarly qualified and skilled workers presently outside of employment. Due to the low demand for labour, an estimated 140,000+ well-qualified English-speakers and 30,000+ German-speakers are registered as unemployed, approximately half of which can be classified as highly-active job-seekers. BPO/KPO vendors also stand to benefit from the healthy pipeline of English and German speakers emerging from the education system. An estimated 300,000+ people below the age of thirty are currently learning German. Talent in the region also comes at a lower cost than in neighbouring Central and Eastern Europe countries, without a loss in quality. Indeed, many shared services centres in the Visegrad countries have been importing Bosnian talent for a number of years.

According to the Marisa Mejric, IT-BPO Expert, human capital potentials are:

- Estimated 140,000 + advanced English-speakers and 30,000 + advanced German-speakers presently un- or under-employed 300,000 + secondary school and university students taking German language classes; 60% + growth in German language acquisition from 2010 baseline
- Very high youth unemployment rate (45.8%), including among university graduates with technical and business degrees; an average gap between education and first employment of around 8 months; 125,000 + seeking first-time employment
- High social proximity where youth share strong European values and emotional closeness to customer markets; significant minority of diaspora returnees



- Deep pools of un- and under-employed talent educated in business, finance and accountancy, law, marketing and technical professions such as architecture, design, and engineering

OFFICE MARKET

Recent years have seen an upturn in the quality of available business premises, with both new construction and refurbishments in prime city locations. The municipalities of Centar, Novo Sarajevo, and Novi Grad offer the best combination of real estate quality and connectivity, though less expensive real estate and pleasant surroundings can also be found on the university and airport side of town in Ilidža. A little further afield, in adjacent suburbs, rates range from as low as 5 – 9 EUR per square metre. The size and layout of the city is such that, with moderate traffic, few places within city limits are more than 10-15 minutes commuting time to the central business district. It is equally possible to travel across the whole city from east to west and arrive at the airport within 20 minutes.

REAL ESTATE KEY STATISTICS

CLASS	STOCK	VACANCY RATE	RENT (EUR)
A CLASS BUILDINGS	80,000 SQ METRES	10-20%	12-18 SQ METRE
B CLASS BUILDINGS	40,000 SQ METRES	5-15%	9-13 SQ METRE

Source: Marisa Mejric, IT-BPO Expert, Colliers International, 2018

HUB 387 IN SARAJEVO - www.hub387.com - *The HUB387 is information technology (IT) park whose main goal is to create an environment conducive to strengthening of local IT eco system, promoting culture of collaboration and shared knowledge. HUB 387 is revolutionizing the daily work routine by creating open community while increasing level of innovation and competitiveness among associated members. HUB387's mission is to build a vibrant IT community, a space where aspiring IT companies and individuals will connect and collaborate; where interaction with peers will facilitate new ideas and solutions to challenges in our workplace. HUB387 will organize and host IT industry events such as educational seminars, workshops, working lunches, hackathons, etc. Through these programs, HUB387 members will be able to enjoy educational benefits while connecting with other leaders and experts in IT industry and building their networks.*

WHY INVEST IN BIH ICT AND BPO SECTOR

- ICT is an emerging sector in Bosnia and Herzegovina
- The continued availability of high-quality engineering and science graduates at Bosnia-Herzegovina colleges and abroad
- A competitive cost environment
- Investing in Bosnia and Herzegovina's ICT sector presents a doorway to Southeast Europe
- Bosnia-Herzegovina must be EU compatible
- Ambitious plans related to the overall development of BIH, requiring a large-scale development of ICT infrastructure and ICT sector as whole
- Availability of basic ICT infrastructure
- Availability of a number of small IT companies
- Cultural affinity

SUCCESS STORIES

Foreign companies, investors in this sector:

- Verso Sarajevo
- Com Trade Sarajevo and Banja Luka
- Microsoft BH Sarajevo
- Aneks Banja Luka
- Telemach Sarajevo
- Mtel Banja Luka

- Al Jazeera Balkans Sarajevo
- System Verification Sarajevo
- Agency Anadolu Sarajevo
- Oracle Sarajevo
- Xinhua China
- NSoft Mostar
- Symphony Sarajevo
- Roaming Networks Banja Luka
- Lanaco Banja Luka
- Recro Net Sarajevo
- Cisco Systems Sarajevo

SYSTEM VERIFICATION SARAJEVO (SWEDEN)

The Swedish System Verification established this company in Bosnia and Herzegovina in 2013. Today System Verification has offices in Malmö, Gothenburg, Stockholm, Copenhagen and Sarajevo. The aim of the company in Sarajevo is to offer the same quality of services within requirements and testing as currently on offer in Sweden, though at lower costs.

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"*

AL JAZEERA BALKANS (QATAR)

Al Jazeera Balkans (AJB) is an international news television station headquartered in Sarajevo, Bosnia and Herzegovina aimed at the media markets of the SEE. It is part of the Al Jazeera Media Network, which is owned by the Government of Qatar. The station broadcasts in Bosnian-Croatian-Serbian six hours daily, with subtitled Al Jazeera English programmes being shown the remainder of the day. Al Jazeera Balkans is a sister channel of the Arabic language Al Jazeera and the English language channel Al Jazeera English. The station broadcasts news analysis and features as well as documentaries, live debates, current affairs, business, technology, and sports highlights.

USEFUL CONTACTS

Ministry of Communications and Transport of Bosnia and Herzegovina - **www.mkt.gov.ba**
 Federal Ministry of Transport and Communications - **www.fmpik.gov.ba**
 Ministry of Transport and Communications Republic of Srpska - **www.vladars.net**
 Electronic South Eastern Europe (e-SEE) Initiative - **www.eseeinitiative.org**
 BiT Allianc - **www.bit-alliance.ba**



ICT AND OTHER SECTOR PROJECTS IN BOSNIA AND HERZEGOVINA

Other sectors projects in Bosnia and Herzegovina:

- Architectural stone, Mostar
- Clay exploitation, Berkovici
- Florapharm, Lopare
- Stone wool, Mrkonjic Grad
- Kaoline and feldspat, Srbac
- Mostar quarry, Mostar
- Finishing materials in civil engineering works, Prnjavor
- Production capacity for collecting and processing of used tires
- Cement factory, Gacko
- High-density polyethylene plastic containers, Petrovo
- Geothermal heating system, Bijeljina
- Technical rubber goods FAGUM NOVI, Zvornik
- Production of mineral- stone wool and technical building stone, Kostajnica
- The Underground Garages Marijin Dvor, Sarajevo
- The Underground Public Garage G1&G2 Ciglane, Sarajevo
- Skenderija Public Garage, Sarajevo
- Cosmetics, dietary supplements and medicines, Bijeljina

Other sectors projects proposed by Entities' Governments:

REPUBLIC OF SRPSKA

- Exploitation of raw materials and construction of a cement factory in Prijedor
- Development and Reconstruction of Facilities of Mljecanica Hospital for Physical Medicine, Rehabilitation and Balneoclimatology, Kozarska Dubica
- Secondary Waste Separation Plant at Regional Landfill, Banja Luka
- Reconstruction and Energy Efficiency Improvement in Public Lighting System of Sokolac Municipality
- Installation of Solar Panels on Public Institution Buildings, Teslic
- Procurement of Generators for Landfill Gas Use for Energy, Banja Luka

FEDERATION OF BOSNIA AND HERZEGOVINA

- Cement Factory Banovići
- Projects for increase of energy efficiency in the Cantons Sarajevo, Central-Bosnia, Tuzla, Una-Sana, Zenica-Doboj, Bosnia-Drina
- Building of regional waste-dumps in 8 cities (Mostar, Livno, Gornji Vakuf, Živinice, Bihać, Neum, Orašje, Bosanska Krupa)
- Waste water treatment and sewage in 19 municipalities (Mostar, Živinice, Odžak, Trnovo, Bihać, Konjic, Ljubuški, Široki Brijeg, Doboj jug, Tomislavgrad, Livno, Tešanj, Lukavac, Orašje, Gradačac, Neum, Bosanska Krupa, Bosanski Petrovac, Gračanica)

REAL ESTATE PROJECTS IN BOSNIA AND HERZEGOVINA:

- Balkan Distribution Center, Sarajevo
- Senior Accommodation, Busovaca
- Trading Centre, VMC Mall, Sarajevo
- Traffic Business Centre, Sarajevo
- Young Entrepreneurship Centre RRC Juzni logor, Mostar
- Residential and business centre EUREKA, Banja Luka
- Construction of Sarajevo Big Box
- Residential Business Complex "Neretva" Mostar
- Residential Complex Sehic Garden, Sarajevo
- Kosevo-Jagomir Retirement Home, Sarajevo

Other real estate projects in Federation of B&H:

- Mostar Sjeverni Logor - Northern Barracks

TEXTILE SECTOR PROJECTS IN BOSNIA AND HERZEGOVINA:

- Bellissima Ltd Sarajevo
- Cloth diapers Banja Luka
- Rock N Folk Fashion Line Sarajevo
- Expanding production capacity and purchase of equipment, Bugojno

Other textile sector projects in Republic of Srpska:

- Novi Elastik a.d. Vlasenica

INNOVATION SECTOR PROJECTS IN BOSNIA AND HERZEGOVINA:

- Accessory machine for monophasic complex agro technology
- Hydroelectric power station with hair turbine in running waters
- Progressive load regulation mechanism at exercise machines
- Seawater distillation apparatus combination with renewable energy
- System for flood prevention 2
- Termic radiant windscreen wiper (heater)
- Traffic sign of black spot
- Vacuumized PVC brick
- Straight A life
- Women's shoes with replaceable heels
- Hovering movable and immovable objects
- Device for ball airbags on vehicles
- Malfunction of electrical and electromechanical parts on vehicles
- New configuration for usage of solar cells
- The highly secure electrical-mechanical lock
- Hydrogen pelet-ekoterm as alternative fuel
- Vibrer Tire, Mostar
- Tesla's three-phase hybrid internal combustion engine
- Biometric Self-service Hotel Reception

INVESTMENT LOCATIONS IN BOSNIA AND HERZEGOVINA

BUSINESS ZONES:

- Industrial zone Stari Ilijas
- 25 Novembar, Brod
- Podbrdo, Mrkonjic Grad
- Business zone Banja Luka
- Aleksandrovac, Laktasi
- Agro industrial zone Nova Topola, Gradiska
- Industrial zone Velagici, Kljuc
- Business zone Begovaca, Livno
- Business zone Sljunkara, Jablanica
- Business zone Jug Livno
- Business zone Elektrometal, Cazin
- Industrial zone 3, Bijeljina
- Kamenica business zone, Bihac
- Dusine Business zone, Orasje
- Business zone "Zvirici", Ljubuski
- RRC Juznilogor, Mostar
- Sejkovaca, Sanski Most
- Tourist zone Kaludjerica, Petrovo
- Bacici, Sarajevo
- Business zone Petrovo, Petrovo
- Zrak, Sarajevo
- Sockovac, Petrovo
- Gajevi, Mostar
- Entrepreneurial zone, Modrica
- Mostarska vrata, Ljubuski
- Lipova Greda, Kozarska Dubica
- Soko, Ljubinje
- Polje, Travnik
- Biletici - Blizanci, Citluk
- Misurici, Maglaj
- Turbe, Travnik
- Vlaka, Posusje
- Rupe Kupres
- Blizne Gomile, Citluk
- VuCilov Brig, Tomislavgrad
- Lijesnica, Maglaj
- Tromedja, Citluk
- Vicanov Brig, Posusje
- PC 96 Vitez
- Polja, Zepce
- Hodovo, Stolac
- Bukva, Tesanj
- Poljice, Maglaj
- Kilavci, Nevesinje
- Zabljak, Usora
- Potkraj-Bretex, Breza
- Ekonomija - Batvice, ZavidoviCi
- Maglic, Foca
- Jelovac-Tukovi, Maglaj
- Topala, Posusje
- Baljevo Polje, Foca
- Arnautovici Ozrakovici, Visoko
- Borja, Teslic
- Resnik, Kresevo
- Zenica 1
- Nova Bila, Travnik
- Batuski Lug, Gornji Vakuf-Uskoplje
- Rudnik mrkog uglja Breza
- Srednja Omanjska, Usora
- Industrial zone Donji Vakuf
- Osrdak, Posusje
- Unis, Konjic
- Poculica-Sljivcica, Vitez
- Celpak, Prijedor
- Bugojno 1
- Industrial zone 6, Derventa
- Livade, Foca
- Rajlovac, Novi Grad Sarajevo
- Begov Han, Zepce
- Donja Golubinja, Zepce
- Golijesnica (Lug-Brankovici), Zepce
- Ljeskovica, Zepce
- Xp Center, Zepce

- Jadar, Zvornik
- Sjever, Odzak
- Malo i Veliko Blato, Domaljevac-Samac
- Industrial zone Nova Romanija, Sokolac
- Tourist zone Ravna Romanija, Sokolac
- Industrial - Business Zone Crnaja, Srbac
- Industrial - Business Zone Sitnesi, Srbac
- Industrial zone Lanara, Teslic
- Industrial Zone Matuzici, Doboj Jug
- Business zone Termoelektrana, Stanari

BUSINESS BUILDINGS:

- Steering mechanism factory, Nevesinje
- Business building in Capljina
- Business complex in Bihac
- Industrial complex in Ljubuski
- Production facilities of socks factory KLJUC, Sarajevo
- Industrial complex Prozor-Rama
- Industrial object, Prozor-Rama
- Business warehouse facility, Prozor Rama
- Business building - Tennis Centre, Posusje
- Business-storage facility, Sarajevo
- Business storage Mostar
- Business building, Pelagicevo
- Dobrun, Visegrad
- Union Comerc, Rajlovac
- Majop, Mostar
- Unis Komerc, Breza
- Sočkovac, Petrovo
- Multit purpose office building, Usora
- Gornjilogor, Kalinovik
- Vardiste, Visegrad
- Florapharm, Lopare
- Mravići, Doboj-Jug
- Sales and service centre, Lukavica
- Strolit, Odzak
- Papirnica, Kozarska Dubica
- Production facilities, Celic
- Business and residential buildings, Sarajevo
- Cultural centre, Petrovo
- Sabix Complex, Maglaj
- Vatrostalna, Prijedor
- Impro, Prijedor
- Business manufacturing facility, Bosanski Petrovac
- Business buliding, Ilijas
- Production hall, Nova Bila
- Business building 3XL, Mostar
- Franchise Center B&H, Vitez
- JUPITER CENTAR, Tuzla
- Business building, Ljubuski
- Daiva Car, Vitez
- Business facility Bebi-Triko, Bihac
- Lasta, Prijedor
- AutoMax, Prijedor
- Dalekovod, Doboj
- Autotransport, Prijedor
- EkoFarm, Prijedor
- Manjaca, Mrkonjic Grad
- Business building, Gracanica
- Business building Kaonik, Busovaca
- Textile factory, Berkovici
- Enterijer Kotorsko, Doboj
- Factory KLIMA MONT, East Sarajevo
- The former production facility of composites, Mostar
- The former production facility of helicopters, Mostar
- The former production facility of buses, Mostar
- Warehouse and offices, Orasje
- Production and business and building in Vlakovo, Sarajevo
- Business buildings Transey, Maglaj
- Business buildings HM Promet, Maglaj
- Rimecocentre, Mostar
- Production, warehouse and office building, Prnjavor
- Agrocentar Eko Bel, Kozarska Dubica
- Production and storage building, Jablanica



- Wood industry Ključ
- Trudbenik Teslic
- Production building, Vares
- Milka agro, Gradiska
- VELEPROMET-DC, Visoko
- Una Hotel, Novi Grad
- Business Building Odzak
- Meat industry Levita, Gradiska
- Agriculture cooperative, Gradiska
- Standard, Gradiska
- Ciglan, Gradiska
- Production and business building Modrica
- Remontrans, Modrica
- Koop Centar Blatna, Novi Grad
- Svodna, Novi Grad
- Production and business hall, Zepce
- Business building Imas, Zepce
- Business buildings Turbe
- Production and storage hall, Vogosca
- Hotel "Galeb", Maglaj
- Production and business building Stup, Sarajevo
- Production and business building Janja, Bijeljina
- Majami production facility, Bugojno
- Business - storage facility, Bijeljina
- Showroom and storage, Bijeljina
- Residential and commercial building, Bijeljina
- Storage 2, Bijeljina
- Warehouse, Bijeljina
- Business, production and residential facility, Bijeljina
- Showroom and commercial building, Bijeljina
- Bel Print, Celinac
- Faco - Zeleni Vir, Celinac
- Business building, Usora
- Business building Energetika, Bugojno
- Building for farm and feed factory - Obudovac
- Pahuljica Hotel, Vlasice
- METALJA business buildings, East Sarajevo
- Production plant in Zenica City
- Factory for the production of pellets, Brcko District
- Production and commercial building, Doboj Jug
- Production building and warehouse, Brcko District
- Production and business building Bukvik, Brcko District
- Euro Hotel, Odzak
- Energoinvest Tnrru, Odzak
- Business buildings Dm Commerce, Odzak
- Production and storage buildings Famos Hrasnica
- Production facility, Sanski Most
- Business building Mimi, Srbac
- Sanus Hotel, Sanski Most
- Commercial and residential building Banja Luka
- Industrial hall Laktasi
- Production Centre Energomont, Bosanska Krupa
- Business building Oris, Brcko
- Production Hall Hranapruck, Samac
- Residential-business building, Knezevo
- Nursing Home Knezevo
- Business building TOMEKS Prijedor
- Business building Mistika, Vitez
- Cold storage warehouse, Ilijas
- Gama 1, Gradiska
- Production and storage buildings, Ilidza

POTENTIAL BUSINESS ZONES:

- Potential business zone Ripac, Bihac
- Industrial Zone 2, Bijeljina
- Potential business zone Kaline, Berkovici
- Potential business zone Enterijer Kotorosko, Doboj
- Neobarje, Novi Travnik
- Business Park "McGovern", Brcko District
- Business zone "Vranjes", East Sarajevo
- Grlica, Istocno Sarajevo
- Jahorinski potok, Pale
- Trnovo 1, Trnovo
- Podromanija, Sokolac
- Dugo Polje, Kiseljak
- Matuzici, Doboj-Jug
- Rasadnik, Gorazde
- Luke, Ilijas
- Banjersko Polje, Visoko
- Gliniste, Tesanj

- Svale, Prijedor
- Business-industrial zone Pelagicevo
- Antena, Zenica
- Mravici Doboj-Jug
- Dobrinje, Visoko
- Donje Telalovo Polje, Sarajevo
- Baltin Bare, Prijedor
- Bare, Kakanj
- Paljuge, Omarska
- Vojkovici, Istočna Ilidza
- Kula Banjer, Visoko
- Vijaka, Prnjavor
- Potential business zone Brod
- Kreka Sjever, Tuzla
- Potential business zone Sip, Sarajevo
- Svilaj 1,2,3, Odzak

FREE ZONES:

- Free zone Vogosca, Sarajevo
- Free Zone Holc, Lukavac
- Free Zone Hercegovina, Mostar
- Free zone Visoko, Visoko

LAND PLOTS:

- Land plot Ramici, Banja Luka
- Land Plot Puracic, Lukavac
- Orchard "Mapex", Maglaj
- Land plot in Siroki Brijeg
- Land plot Ilidza, Sarajevo
- Slatina Spa, Laktasi
- Land plot in the vicinity of Bjelasnica
- Building land, Mostar
- Agricultural land, Derventa
- Land plot, Sanski Most
- Land plot, Odzak
- Building land, Tuzla
- Jelsinograd, Banja Luka
- Agricultural Land Gladno Polje, Vlakovo

LOCAL INVESTMENT OPPORTUNITIES:

- INVESTORS' GUIDE, CITY OF BIHAĆ
- SANSKI MOST, INVESTORS' GUIDE
- BANJA LUKA, INVESTMENT SUMMARY
- KOTOR VAROS, GUIDE FOR INVESTORS
- KOZARSKA DUBICA, INVESTORS' GUIDE
- ORASJE MUNICIPALITY, INVESTMENT GUIDE
- MUNICIPALITY OF POSUSJE, INVESTMENT GUIDE
- ISTOCNI MOSTAR, INVESTMENT SUMMARY
- CITY OF PRIJEDOR, INVESTMENT GUIDE
- VISOKO, INVESTMENT BRIEF
- BROD MUNICIPALITY, INVESTMENT BRIEF
- PRNJAVOR, INVESTMENT BRIEF
- MRKONJIC GRAD, INVESTMENT SUMMARY
- MODRICA, INVESTMENT BRIEF
- KOTOR VAROS, INVESTMENT SUMMARY
- KREŠEVO MUNICIPALITY, GUIDE FOR INVESTORS
- LAKTAŠI, INVESTMENT SUMMARY
- ŽIVINICE, INVESTMENT SUMMARY
- SAMAC MUNICIPALITY, INVESTMENT BRIEF
- FRUIT, VEGETABLE, AND DIARY SECTORS - Bihac, Bosanska Krupa, Buzim, Cazin, Velika Kladusa.
- FRUIT, VEGETABLE, AND DIARY SECTORS - South and Southeast of BiH
- FRUIT, VEGETABLE, AND DIARY SECTORS - Derventa, Gradiska, Kozarska Dubica, Laktasi, Prnjavor, Doboj
- FRUIT, VEGETABLE, AND DIARY SECTORS - Teslic, Tesanj, Zepce
- FRUIT, VEGETABLE, AND DIARY SECTORS - Bijeljina, Tuzla, Bratunac, Celic, Gračanica, Gradacac, Kalesija, Srebrenik
- BIJE LJINA, GUIDE FOR INVESTORS
- ŽEPČE MUNICIPALITY, INVESTMENT BRIEF
- TUZLA CANTON, GUIDE FOR INVESTORS
- ZVORNIK, INVESTMENT SUMMARY
- SREBRENİK, INVESTMENT SUMMARY
- NOVI GRAD, INVESTMENT SUMMARY
- TESANJ INVESTMENT BRIEF
- UNSKO SANSKI KANTON, INVESTMENT BRIEF
- VLASENICA, INVESTMENT PROFILE
- MUNICIPALITY OF GRADISKA, INVESTMENT PROFILE