

FIC NEWS

May - December 2014

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Word of the FIC President

Dear colleagues, partners, ladies and gentlemen;

We present to you the fourth number of the BiH Foreign Investor Council's Bulletin.

The period between May and December 2014 is the sequel to the last edition of our bulletin which, as before, contains information about our activities, collaboration, membership, as well as other important information for our members/foreign investors in BiH.

Year 2014 in BiH will remain marked by unstable economic situation, the escalation of social unrest and demonstrations in February 2014, and shortly after the floods, which destabilised further both the economy and society of Bosnia and Herzegovina. Immediately after summer 2014, fall period was marked by the election campaign of political parties and the general elections.

Unfortunately, all this has a left a minimum interest for investments of any kind and improving the framework and overall environment for conducting economic and investment activities. Defining development strategy and related concrete measures, adaptation of regulations, laws and tax policies, as well as, improving the socioeconomic status of citizens should be a priority for all levels of government, with an emphasis on dealing with alarmingly high unemployment rates as well as providing assistance to citizens in need after heavy May floods. During 2013, the economy has somewhat recovered and the growth has reached 1.5%. However, this modest growth was jeopardized in the first half of 2014 when it decelerated again and was further slowed by the May floods. The unemployment rate is still at alarmingly high level. Quality of public finances and management of financial flows has not been raised to the required higher level. Despite some small improvements, consensus on the central issues of economic and fiscal policy continues to show signs of weakness and thus continues to hamper reforms at the state level. Expensive and inefficient public sector with multiple overlapping jurisdictions remains a risk to fiscal sustainability and

limits private initiative, inflow of fresh capital, the realization of investments and thus slows down the growth, development, and does not contribute to the employment of citizens and rising of living standards.

The judicial system does not have sufficient implementation capacity and as such represents a factor that negatively affects investment and creates a suitable ground for the absence of transparency in the implementation of the law, noting that as long as it does not become more efficient a high level of corruption will remain unchanged, as indicated by various relevant studies. We expect a significant improvement of the conditions necessary for economic development because the current lack of genuine political support for reforms in the economic and judicial sector, as well as the absence of a functional mechanism for coordination on issues of EU integration and internal disputes over jurisdiction, have led to limited progress in approaching the legislation and EU standards. This would lead to fulfilment of the key requirements for faster and greater adoption of the recommendations we have emphasized in our White Book. Out of six laws that the Federal Government in cooperation with the Foreign Investors Council forwarded into parliamentary procedure two years ago, two laws were adopted; Law on inspection operations in FBiH and Law on registration of business entities in FBiH. One of the challenges faced by BiH is the establishment of market mechanisms that would be equally applicable in the territory of both BiH entities. Two particularly important reports,

Doing Business, World Bank and the EU Progress Report for 2014, were published this year. Both reports characterized BiH as a country where business climate does not attract investors and where the new government must focus its activities on addressing economic problems.

Compared to last year's Doing Business, BiH regressed the most in the area of tax payment which scaled up for nine places from 142. to 151. and in the area of business start-up where it moved from 142. up to 147. place. In the area of construction permit is-



Branimir Muidža, President of the FIC BiH

suance from last year's 180. place, we have now reached place 182. and in the area of electricity availability, we have replaced last year's 160. place with this year's place number 163. We have made progress and scaled down from 89. to 88. place in the area of property bookings as well as the process of obtaining loans where we scaled from 45. to 36. place.

The FIC will ambitiously continue a very intense pace with all our foreseen activities, by means of our actions, reputation and commitment of our members, in order to encourage the necessary changes, reforms, amendments to the laws and regulations, improvements to the environment, transparency of operations of all market participants, the application of laws and regulations, efficient public administration and tax policy adapted to the needs of attracting investments. The new government is in the process of formation. We hope and expect quick and more efficient formation of the government at all levels of BiH. We also expect the new government to support our work and accept the White Book 2014/15 as a starting point for reform processes and more efficient implementation and the old and new recommendations of the Foreign Investors Council.

In this issue you will have the opportunity to review all of our activities related to all the important events in BiH. I highly recommend this newsletter, as well as membership in Foreign Investors Council, because only united we can achieve more with the aim of improving the business climate in BiH.

Sincerely,

Branimir MuidžaPresident of the FIC BiH

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FIC representatives participated in the Forum for Prosperity and Jobs follow up seminar in BiH

he representatives of the BiH Foreign Investors Council took an active part in the working seminar within the framework of the Forum for Prosperity and Jobs in Bosnia and Herzegovina, held in Banja Luka on July 15th. This seminar is the continuation of efforts by the EU Special Representative in BiH, supported by the Embassy of Norway in BiH and the BiH Central Bank, in defining a 'Compact for Gro-wth', a comprehensive set of recommendations and actions to be undertaken by the BiH authorities in order to boost the economic growth in the country. During this seminar six issues which make a basis of 'Compact for Growth' were identified and they inclu-

- Too high taxation burden on labour;
- 2. Obstacles at work which lead to unemployment:
- 3. The current business climate which reduces investments;



- 4. The need to restructure the enterprises and improve the corporate governance:
- Corruption which destroys initiatives and;
- 6. Poorly directed social welfare.

Other key speakers of the Forum for Prosperity in Jobs in BiH follow up seminar in Banja Luka were the Ambassador of Norway to BiH, Ms. Anne Vibeke Lilloe, the Governor of the BiH Central Bank, Mr Kemal Kozaric, and the Dean of the Faculty of Economics, University of Banja Luka, Mr Novak Kondic.

The seminar gathered government representatives, economic experts, representatives of local and international financial institutions and business organisations, and other stakeholders. It also included leading experts from neighbouring countries who shared their experience in dealing with similar problems. Participants discussed important economic issues within three panels: 'Investment and Doing Business', 'Taxes, Benefits and Government Expenditure' and 'Labour Markets and Enterprise Expenditure'.

Within the 'Investment and Doing Business' panel the audience was addressed by Ms. Jasmina Lopičić, a member of the BiH Foreign Investors Council Board of Directors and Financial Director of m:tel who presented the main obstacles faced by the foreign investors while doing business. These obstacles need to be urgently removed in order to improve the business climate and business environment in BiH.

FIC BiH and AHK BiH signed a Memorandum of Understanding

n Thursday, June 26th 2014 in Sarajevo a Memorandum of Understanding was signed between the Representative Office of the German economy in Bosnia and Herzegovina (BiH AHK) and the Foreign Investors Council in BiH (FIC). The signatories were Alexander Märdian, head of the AHK BiH and Branimir Muidža, President of FIC BiH.

The Memorandum was signed in order to improve the investment cli-



mate and business environment in Bosnia and Herzegovina and to contribute to the development of direct foreign and local investment in BiH through joint actions. In this way, further cooperation between AHK BiH and FIC was formalized.

The signing of the memorandum was attended by members of both organizations and other guests from the economic and political life in BiH. Mr. Damir Mašić, Federal Minister of Education and Science addressed the audience on behalf of the FBiH Government and Mr. Igor Vidović, Minister of Economic Relations and Regional Cooperation, on behalf of the Government of Republic of Srpska. This event was attended by representatives of diplomatic corps of BiH such as the former Ambassador of the Republic of



Germany, Mrs. Ulrike Maria Knotz as well as representatives of embassies of Austria, the United States, and the European Union.

In addition, this event had a humanitarian character and provided an opportunity to raise funds to rebuild the Daily children's centre in Maglaj which suffered major infrastructural damage in flood which struck BiH in May.

Panel discussion 'Challenges of indirect taxation in BiH'

n October 1st 2014, Foreign Investors Council, in cooperation with the EU Delegation in BiH and endorsement of the BiH Council of Ministers, organized a panel discussion titled 'Challenges of indirect taxation in BiH' under a motto: Stabile state revenues and content entrepreneurs.

Indirect Taxation Authority (ITA) is responsible for the collection of total indirect taxes in Bosnia and Herzegovina: VAT, customs duties, excise duties, and road taxes, involving over 37,000 registered taxpayers. Companies/members of the Foreign Investors Council, representing large taxpayers and substantial contribution to the collection of tax revenues, expect a modern, efficient and effective tax administration. The complexity of the indirect tax system is still one of the biggest problems faced by foreign investors, either in terms of capital investment in BiH or conducting their affairs in our country.

The conference highlighted that the revenues from VAT, customs, and excise are important for budget stability and sustainable economy and that this conference is an opportunity to exchange views of fiscal policy makers and business representatives.

Dr. Renzo Daviddi, Deputy Head of the EU Delegation to BiH, stressed the importance of indirect taxation, and emphasized that "further reforms of policy and indirect taxation system must contribute to the growth and employment, and follow the direction of further harmonization with the European Union."





"There is a disturbing trend of the reduction of taxpayers and employees in the real sector, with a simultaneous increase in the number of tax dependents. Of course, in the long term, this trend is unsustainable. In order to change this trend we require prudent fiscal policies and an efficient administrative apparatus. Today's panel was an opportunity for entrepreneurs to discuss their vision of a more efficient tax administration." said Mr. Branimir Muidža, president of the BiH Foreign Investors Council.

Dr. Miro Džakula, director of the ITA noted the following: "Indirect Taxation Authority is the only institution in Bosnia and Herzegovina responsible for the implementation of regulations in the area of indirect taxes, such as VAT, excise duties, customs duties and tolls. Our goal is to establish a full partnership between the ITA and all regular taxpayers. This means that all those taxpayers who do their business in line with the legal regulations in force can see ITA as a partner which will encourage their further economic development. For such entrepreneurs or those who want to come to Bosnia and Herzegovina and invest in new economic projects, we especially want to point out that they can expect to get a full support from ITA in terms of explanation and clarification of laws and regulations in the field of indirect taxes and prompt resolution of all their questions and requests. It is my opinion that Bosnia and Herzegovina still has many unexploited benefits when it comes to investing in new economic projects. This refers to the skilled workforce and the areas in which we can provide the maximum potential, such as tourism, agriculture and other sectors that provide the opportunity for the establishment of export-oriented businesses. In that regard, the ITA has done quite a lot. Everything else that is needed to further improve the business climate, and is within the jurisdiction of the ITA, will be done in the shortest possible time." One of the panellists, Mrs. Sandra Kasalo – Fazlić, head of representa-



tive office of the Japan Tobacco International, said: "Taxes should be in line with the amount of available income of the citizens. In the case of tobacco products, current fiscal policy does not follow the purchasing power, therefore extremely high excise duty on cigarettes result in the booming of the black market, a drop in state revenues, and difficulties in doing business for legal tobacco companies. It is therefore necessary that the ITA, as soon as possible, slows down the growth of excise and thus puts a stop to this dangerous trend."

The conference was conducted in an active discussion and the conclusions will be the platform for the next meetings of entrepreneurs and representatives of tax authorities. The conference was attended by representatives of the business community of BiH, FIC member companies, exporters, associations (the Association of Employers FBiH and RS, VTK, AHK, AmCham, AUSTRADE and others), representatives of the Entity Ministries of Finance (FBiH and RS), foreign embassies, and international organizations.

Meeting with representatives of institutions responsible for issuing construction and environmental, permits in the area of ene-

rgy efficiency and concession awarding

In accordance with the plan of implementation of the recommendations from the Foreign Investors Council's White Book 2012/13, on June 19th 2014 at the "Tremag" hotel at Jahorina we organized a meeting with representatives of relevant institutions responsible for the issuance of construction and environmental permits as well as with the representatives of institutions responsible the for energy efficiency.

This meeting was organized with the expert support of the new Sida USAID GOLD project and with the support of the European Union Delegation in BiH. In addition to representatives of foreign investors in BiH, the meeting was attended by representatives of the Federal Ministry of Physical Planning and the Ministry of Environment and Tourism, the RS Ministry of Physical Planning, Civil Engineering and Ecology, Commissions for Concessions of BiH and

FBiH, representatives of Novo Sarajevo Municipality and the Municipality of Istočno Novo Sarajevo, as well as representative of the Federal Ministry of Energy, Mining and Industry.

In their presentations members of the Foreign Investors Council highlighted the problems they face in obtaining construction and environmental permits and when applying for granting concessions and implementing projects aimed at introducing energy efficiency.

Participants of the meeting concluded that the core of the problem is an inadequate and inefficient staff working on the issuance of permits and that this issue should be treated by administrative inspection which should sanction individuals who do their job inadequately. Also representatives of relevant institutions have emphasized that while applying for the issuance of those permits it is necessary to take into



account all required documentation which must be submitted along with the application, because it is repeatedly occurring situation that applicants do not submit all the necessary documents which directly results in a time delay in issuance of the necessary permits.

All present at the meeting agreed with the opinion that the legal framework for granting concessions in BiH and the energy efficiency field are inefficient and not harmonized with European principles and it is necessary to have it upgraded as soon as possible in order to facilitate the implementation of investment projects.

Amendments to the Federal Law on Contributions stimulate employment

n September 16th 2014 the Federal Government adopted Draft Law on Amendments to the Law on Contributions which was delivered to the FBiH Parliament in an expedited procedure. This law aims to develop the conditions necessary to stimulate hiring skilled workers in labour-intensive and low-accumulation activities that are predominantly export-oriented (over 90%), ie. strengthen the competitiveness on the international market, especially in textile, leather and footwear industry.

This is accomplished through the payment of contributions on preferential basis, if an employee is paid a monthly salary of up to 60% of the average monthly net wage in the Federation. Also, the basis for



the greater interest in investments in the sector would be created.

At the same time, this regulation is in harmonization with the Law on Pension and Disability Insurance, ie. it provides that a craftsman - a non-resident of the Federation BiH, is a taxpayer for the portion of the contribution if an independent business is carried outside of the territory of the Federation on the basis of the authorization issued by the competent federal authority.

Since the low-accumulation activities are not specified in by Cantonal Assembly (as it was the case in the previous period), but by a special regulation, the proposed amendments to the Law would amend this. Also, harmonization with the provisions of the Income Tax Law was made, in terms of contribution payments. Since a specific regulation listed taxi drivers in the low accumulation activity in terms of taxes they have the same treatment as independent businesses of traditional crafts, given that the law did not contain precisely specified taxi industry. According to the statement from the FBiH Government, this situation has been recently bridged by the Paragraph of Federal Ministry of Finance. ■

FIC Croatia presented White Book

oreign Investors Council of Croatia (FIC) presented White Book 2014 of foreign investors that contains an overview of the Croatian economy, as well as specific recommendations to improve the Croatian business environment. To Croatia, which is by many criteria, one of the poorest EU member, caught a connection with the other countries of the Union, and finally embarked on the path of development and growth, after years of economic depression, should be used by financing such as FDI. As stated in the White Book, studies



show that an increase in FDI than 1% of the total investment increases from 0.5 to 1.3% and GDP growth at 0.5-1.0%. In addition to foreign direct investment may help the economic recovery, companies that fall into this category, represent an important part of the Croatian economy, either through equity, total

revenues, exports, employment and investment. According to data from the FIC, the end of the 1990s when they represented 10% of total capital, 10% of total revenue, 18% of exports, almost 8% of the total number of employees and more than 20% of the total investment in the economy, foreign companies are ended the period with more than 45% of total capital, 50% of total revenue, 55% of exports, 45% of total investments and extraordinary 25% of the total number of employees of the Croatian economy.

Cooperation Council meeting

regular meeting of the cooperation council quarterly organized by the BiH Foreign Investors Council took place on September 3rd 2014 in Sarajevo. Apart from the representatives of the Foreign Investors Council management, the meeting was also attended by the resident members of the Cooperation Council consisting of commercial attachés of foreign embassies in BiH.

The theme of the meeting was the manner of implementation of laws and other decisions with a focus on the efficient development of policies and laws in BiH. This topic will be the focus of FIC activities in the next year with the aim of creating more stable and better business environment. Through its work, Foreign Investors Council has concluded that BiH has good legal solutions, but the problem is in their application ie. inapplicability. The laws are not being adequately implemented resulting in a confusion of foreign investors and, ultimately, a negative effect on the business environment of the country.

The main guest of this meeting was Mr. Nenad Rava, chief expert of the EU DECEB project / development of central government in Bosnia and Herzegovina.

Mr. Rava briefly introduced the participants of the meeting the scope of the project relating to the practices of the community and the development and planning of policies in BiH, which will form the framework for future activities related to better policy-making, structural work of institutions and a strong enforcement of laws and other decisions.

Meeting of the regional FIC offices and RCC in Belgrade

delegation of the Foreign Investors Council BiH participated in the meeting held on October 16th 2014 in Belgrade, which was attended by representatives of the regional FIC offices (FIC Serbia, FIC Macedonia, FIC Croatia, FIC Montenegro) and representatives of Regional Cooperation Council (RCC). This meeting was gathered with the purpose of discussing the initiative to organize a regional conference on combating the grey economy in the region. JTI and RCC came up with this idea in June 2014. The in-

tention was to bring together representatives of regional FIC offices as carriers of project activities and start a regional collaboration and the first activity would be the organization of this conference which would, based on the recommendations from the regional FICs' White Book and the RCC Strategy SEE 2020, highlight the problems of investing in the region and coordination among countries in order to establish the unhindered flow of goods, people and services, all with the aim of reaching Euro-Atlantic in-

tegration. The aim of this conference is to offer recommendations for combating the grey economy in the region, and to offer government officials a platform for joint regional action. This platform would be based only on one or more conclusions that RCC and FIC will offer to the governments in order to incorporate them into their work plans.

During the meeting it has been generally agreed that the regional conference should be held in spring 2015 in one of the countries of the region.



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Working meeting between foreign investors and judicial authorities in BiH

oreign Investors Council of BiH in cooperation with the consulting firm Wolf Theiss organized on 5th November 2014 in Sarajevo a meeting between foreign investors and the representatives of the institutions in charge of Justice in BiH, on the topic "Implementation of the recommendations from the White book 2012/13 - area JUDICIARY" The aim of this meeting was to discuss open issues contained in the White book as well as the other is-

sues that are critical to the efficient operations of foreign investors in BiH.

The participants also discussed the reform process that started in the justice sector as well as the problems and dilemmas that arise in the court practise, with the aim to find solutions that will improve certain segments of the justice sector and facilitate the work of foreign companies in BiH.

Besides foreign investors meeting

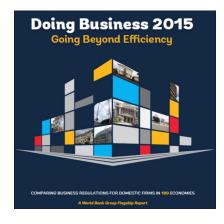
was attended by representatives of the following institutions: State Ministry of Justice, Federal Ministry of Justice, High Judicial and Prosecutorial Council of BiH, Commercial District Court in Banja Luka and Municipal Court in Sarajevo - commercial department, and representative of the EUSR office in BiH, who gave a brief review of the recommendations from the White book in the context of EU-BiH Structured Dialogue on Justice.

Doing Business 2015: Bosnia and Herzegovina ranked 107th among 189 economies

new World Bank Group report finds that 85 percent of economies in Europe and Central Asia implemented at least one regulatory reform aimed at making it easier for local entrepreneurs to do business in 2013/14, a larger percentage than in any other region.

Doing Business 2015: Going Beyond Efficiency shows that in the past year, economies in Europe and Central Asia further improved the regulatory environment for local entrepreneurs, adding to the gains recorded in the past decade. For example, 10 years ago, starting a new business took a Macedonian entrepreneur 48 days. Today, the process can be completed in 2 days.

"Economies in Europe and Central Asia have consistently led the world in the pace of regulatory reform," said Rita Ramalho, Doing Business report lead author, World Bank Group. "Governments' commitment to improving the regulatory environment for entrepreneurs has allowed them to close the gap with the top performers in some areas. For example, the average time to register property in the region has fallen by 14 days since 2010, making the process faster than in OECD high-income economies."



Bosnia and Herzegovina's ranking in Doing Business 2015 dropped from 104 to 107 - taking into account data revisions and methodology changes. Across indicators, Bosnia and Herzegovina's rankings did not change much compared to Doing Business 2014, except for getting credit where the country's rank progressed from 45 to 36 thanks to an increase in the rate of coverage of the private bureau.

Bosnia and Herzegovina's ranks better than the average ECA economy on areas like resolving insolvency (rank: 34) and getting credit (rank: 36). Challenges remain, however, in areas like getting electricity (rank: 163) and paying taxes (rank: 151) and dealing with construction permits (rank: 182). For instance,

the cost of obtaining construction permits (20% of the value of the warehouse that is built) is the second highest in all of Europe and Central Asia.

On overall ease of doing business, other economies of Southeast Europe have been ranked as follows: FYR Macedonia (30), Montenegro (36), Bulgaria (38), Romania (48), Croatia (65), Albania (68), Kosovo (75), and Serbia (91).

The report this year expands the data for three of the 10 topics covered, and there are plans to do so for five more topics next year. In addition, the ease of doing business ranking is now based on the distance to frontier score. This measure shows how close each economy is to global best practices in business regulation. A higher score indicates a more efficient business environment and stronger legal institutions.

The report finds that Singapore tops the global ranking on the ease of doing business. Joining it on the list of the top 10 economies with the most business-friendly regulatory environments are New Zealand; Hong Kong SAR, China; Denmark; the Republic of Korea; Norway; the United States; the United Kingdom; Finland; and Australia.

BLICNET

he company Blicnet is a limited liability telecommunications company and a licensed operator for mobile and fixed telephony, Internet service provider (ISPs), network operator, provider of cable TV service, and system integrator. Blicnet is a member of Telekom Slovenia and occupies a prestigious position in the market of Bosnia and Herzegovina, ie, it has become a recognizable brand by providing new, high quality services and professional attitude towards customers.

By constantly introducing new services and the latest technology they apply by using refined knowledge and quality equipment, they set themselves for the task to provide the best quality services for its customers. Knowing that today clients want much more than regular phone calls, Blicnet has offered a number of products, conveniences, and benefits. Thus, in addition to business



telephony services, business users of Blicnet are able to integrate business solutions with calls and data transfer in both mobile and fixed network, and thus create the prerequisites for doing successful business.

VPN services based on IP/MPLS technology, which combines features of previous classical network and IP network, ensuring the safety and quality of services with the measurability and network flexibility is available to business users.

The offers of "Blicnet" also contains a Web Hosting, Server Housing, as well as the services of Digital line which is based on MPLS technology that allows fast and reliable Pointto-Point Ethernet connection via telecommunications infrastructure of Blicnet. The network of stores includes several cities in Bosnia and Herzegovina with the aim of expanding to other areas with an assortment of complete communication services (Internet, fixed telephony, digital high-definition television, and rental of telecommunications equipment), integration services on a "turnkey" basis for the implementation of complete information systems, ect.

Therefore, Blicnet's primary goal is to remain the best and largest alternative operator on the local market, while at the same time providing a high quality service to their customers and cost-effective communications solutions. By continuously planning the future actions in the company, we seek to ensure better results and satisfaction of both employees and customers, because great emphasis is placed on creativity and innovation.

TELEMACH

About Telemach

Telemach is the largest operator of analog and digital television, and one of the leading providers of broadband Internet services in Bosnia and Herzegovina and the fixed line operator, since the end of 2010. Telemach BiH was formed by a combination of cable distributors across the country during 2010, 2011 and 2012 (BH CabelNET, GlobalNET and Elob from Sarajevo, Monet from Mostar, Telekabel from Zenica, Art-Net from Kiseljak and Vi-Net from Visoko, and today employs 215 people. The average age of employees is 30.

In cooperation with companies SBB Serbia, Telemach Slovenia, global OTT platform NetTV and about 15 smaller companies, which has the same majority shareholder and Chairman of the Board, Telemach makes an unique telecommunications system in the former state, under the

telemach

name of *United Group*. Telemach is a young company, proud of it's four-year business in the territory of Bosnia and Herzegovina, and Telemach plans to expand and increase the scope of services. Operations relating to the provision of analogue television, D3 digital television, cable Internet and digital phone service fixed. Covering the network: 200 000 households in 17 cities in Bosnia and Herzegovina.

Provides it's customers innovative and advanced services based on the latest technologies, raising the level of competitiveness of the BiH market, and enhancing the experience and usage habits of fixed telecommunications services. At the end of 2013. Kohlberg Kravis Roberts & Co. LP (together with it's affiliated co-

mpanies, "KKR") has signed a contract for the purchase Telemach / SBB group of fund Mid Europe Partners.

About KKR

Founded in 1976 and led by Henry Kravis and George Roberts, KKR is a leading global investment fund, which is on June 30, 2013 operated with 83.5 billion dollars in assets. With offices around the world, KKR manages assets through a vast variety of investment funds.

KKR seeks to create value by bringing operational expertise to it's portfolio companies and through active monitoring and control of their investments. KKR complements it's investment expertise and strengthens interactions with investors through a fund relationships with customers and platform for large markets. KKR & Co. LP actions are on New York Stock Exchange. KKR in-



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cludes branches, investment funds and any other related investements companies.

Main services: analog and digital TV, broadband internet, fixed telephony

With it's range of internet services, digital and analog television and fixed telephony, and after a few years of work, Telemach's services today are provided by a growing number of users increasing by the day its presence and share in the Bosnian&Herzegovina market.

Telemach first started with analogue service - cable television, then the introduction of broadband Internet, where users choose more stable and faster access to internet rather then dial up access. Telemach was the first operator who introduce FLAT fixed telephony, where users can talk for 0 KM/min to all networks in Bosnia&Herzegovina.

Telemach was the first who offer users a favor from television transmission of television content in a standard digital resolution, and then on a high resolution, which actually inject SD and HD TV product at B & H market. Telemach was the first in bundling all kind of it's services in DUO AND TRIO package, offering users a more favorable price and easier way to use the service. Telemach offer includes the largest number of HD channels via 30 channels. Telemach Solutions represents a platform for business customers, providing top quality services through flexible solutions, fully customized business needs.

own infrastructure supported cutting-edge technology and services Telemach Solutions can provide the services necessary for modern business in all segments of the business: entrepreneurs, large companies and the public sector.

Telemach constant challenge is working together, through their work they are providing the opportunity for further training to their employees. The company is as successful, how successful they are the people who make it. Precisely for this rea-



The basic objective Telemach Solutions is that through building partnerships with business users can provide all ICT services and equipment in one place. Thanks to it's

son thwy attach great importance to quality-based and offers professional education and training of all their employees.

MICROSOFT

ounded in 1975, Microsoft (Nasdaq "MSFT") is the worldwide leader in software, services and solutions that help people and companies to look at their full potential.

Microsoft BiH

Microsoft Bosnia and Herzegovina was established in mid-2006. 100%



ownership of Microsoft Corporation, Redmond, WA and is dedicated to the development of BiH IT market. Primary activities of Microsoft Bosnia and Herzegovina are development of sales network, including marketing, consulting services, organization of professional and technical support. In cooperation with local partner companies, Microsoft is focusing on enabling the development of comprehensive, reliable and scalable solutions that meet specific business needs of users in Bosnia and Herzegovina.

PHOENIX Pharma



A company of PHOENIX group

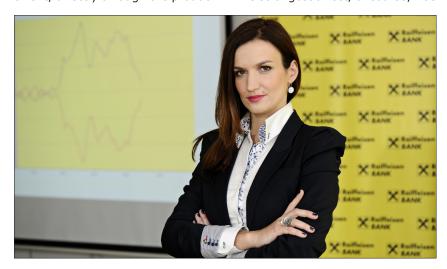
Ivona Zametica - Head of research and consultancy/Key economic analyst at Raiffeisen BANK d.d. Bosnia and Herzegovina

It has recently been revealed that BiH recorded a "modest" economic growth. Can you clarify what the "modest" means in this context? Compared to the previous period /floods/ demonstrations/export/investment?

Economic developments in Bosnia and Herzegovina in 2014 are certainly to be viewed in the period prior to the natural disaster that struck our country in May and after those events. Events that have stricken our country in May this year have significantly changed the direction of the economy of Bosnia and Herzegovina as well as the overall macroeconomic framework of the country. The first quarter of 2014 indicated a continuation of the economic recovery from 2013, since it was during this period that a strong growth in the key growth generators of gross domestic product was recorded, namely industrial production and export of goods by 6% yoy and 4.6 % yoy, respectively, and our forecast for economic growth for 2014 was then at 1.5% yoy in real terms.

However, very solid and strong start of the real economy from the beginning of the year was completely overshadowed by the worst floods recorded in the last 120 years. The floods have affected our region, causing most damage to the economy of Bosnia and Herzegovina. Given that the official estimate of the damage and losses caused by the May floods were estimated at nearly 2 billion euros (3.9 billion BAM), which represents 14.8% of GDP in 2013 and that the key sectors of the BiH economy like agriculture, mining, several manufacturing industries, transportation and infrastructure, and a large number of households were directly affected, it was clear that the economic developments in the rest of the year will look completely different, and that a very difficult process of recovery

after a natural disaster lies ahead. Given the magnitude of the damage and its impact on a large number of sectors of the BiH economy, our expectation was that the BiH economic growth will be under negative pressure due to the negative impact of natural disasters on the key generators of economic growth - industrial production, exports and investment, directly through the productrial production and exports of goods declined by 6.1% and 3.4 % yoy respectively, which is a direct consequence of the May events. The real economy has therefore been significantly affected by the natural disaster since the 10 out of 19 production activities within the Gross Domestic Products recorded a decline of activities in the second quarter. The strongest affect, of course, was



tion industry and investment immediately after the disaster on the one hand, and indirectly through the loss of part of production and exports because of the difficulty of transporting due to damage to infrastructure. Therefore, immediately after the May events we have revised our economic forecast for 2014 significantly lower at a level of economic stagnation, or at a minimum level of economic growth in the range of 0% to -0.5%. Our expectation after the revision was a forecast that the BiH economy will record a decline in real GDP in Q2 and stagnation in Q3 of 2014, the most recent data available after the May events confirm that our estimates were correct.

Specifically, a recently published data on rates of GDP in the second quarter of 2014 indicate a sharp economic downturn in our country as much as 1.2% yoy, while indusrecorded in agriculture, mining, manufacturing industry, and electricity production, which recor- ded the largest real decline in economic activity in Q2. The only sector of the real economy, which has a significant impact on our gross domestic product, which has managed to stay in the area of growth after the May events was the construction sector, which is primarily due to the continuation works on Corridor Vc and work on the construction of thermal power plants Stanari.

However, BiH real economy showed solid resistance to the effects of natural disasters since the third quarter recorded a stabilization of key economic indicators despite the new wave of heavy rainfall in August. So in Q3, industrial production and exports of goods grew by 0.4% yoy and 6.3% yoy, which should correlate with the expected real GDP growth in the range of 0.4% to



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0.6% yoy. Thus, in the first three guarters the BiH economy should make a minimal economic growth ranging from 0.4% yoy to 0.5% yoy which is in line with our expectations. In the last quarter we expect slightly stronger growth rate in the range of 1% to 1.2% yoy, primarily due to the continuation of positive trends in the manufacturing industry and export of goods. Thus, the total rate of real economic growth in Bosnia and Herzegovina in 2014 should be in the range of 0.5% -0.6% yoy. However, this minimum rate of real economic growth is more in terms of economic stagnation in the cases of underdeveloped transitional economies like ours, and taking into account the level of development and the purchasing power of the BiH citizens. Therefore, this level of economic growth is absolutely insufficient to contribute to the improvement of the standard of an ordinary BiH citizen.

Generally, what are other macroeconomic trends this year compared to the same period last year? Can you describe a macroeconomic framework of our country now after the May events and what can we expect in the coming period?

As I stated earlier, after the May events and effects that natural disasters had on our economy, the macroeconomic framework of the country, and thus the image of most of the key macroeconomic indicators of the country has significantly changed compared to economic framework before these events. Most countries which have witnessed some form of natural disasters, including ours, have recorded several significant changes in their economic context. In addition to the aforementioned decline in economic activity (GDP) in the first year after the disaster there is usually an increase in unemployment, a significant increase in the budget deficit and the level of public and total debt of the country due to an increase in government and households spending in an effort to remediate effects of natural disasters. Due to the increase in consumption and reconstruction in the country there is a significant increase in imports of goods and hence the current account deficit in the countries, which negatively contributes to economic growth. All these changes in the economic developments after the May events in 2014 have also been recorded in the economy of Bosnia and Herzegovina.

Therefore, in addition to the afore-

mentioned negative effect of a natural disaster on decrease of real economic growth, lower growth in industrial production and exports, this year, August included, there has been an increase in the official unemployment rate which reached 44%, the highest unemployment rate since March 2014. The trend of the unemployment rate growth is expected by the end of the year due to which we believe that the "real" unemployment rate this year, according to the methodology of the Labour Force Survey, should be around 28% compared to 27.5% a year earlier. On the other hand, budget revisions of the entity levels of government as well as lower levels of government, after the May events, indicate a significant increase in budgetary expenditure in attempts to remediate effects of the May floods and increasing indebtedness from foreign creditors, whereupon we expect a significant increase in the consolidated budget deficit to a level of -3, 8% of GDP and public debt at a level of 45% of GDP. For the purposes of comparison, these two indicators in 2013 amounted to 2.2% and 41.5% of GDP respectively. On the other hand, given the slightly higher growth of private household consumption and government spending by 1.2% yoy and 3.5% yoy respectively and an increase in the level of gross investment by 4% yoy due to work on the reconstruction of housing units, commercial buildings and infrastructure, there is a significant acceleration of growth of imports of goods in 2014 due to the import of construction materials, machinery and equipment, furniture and electrical equipment, etc. Therefore, we expect an overall growth of imports of goods by 6% yoy in 2014 which means the trade deficit should reach the sum of 3.8 billion or 28.2% of GDP, the highest level of trade deficit since 2012. This would cause a current account deficit of the country to rise up to - 9.6% of GDP, the highest level of current account deficit since 2011. Very unfavourable ratio of imports and exports of goods and the trade deficit will represent one of the key negative effects to an overall economic growth recorded in 2014. Due to the significant impact of floods on a number of companies from manufacturing industry and mining sector, total industrial production and exports of goods and services will record modest growth of 1% yoy and 1.2% in real terms, compared to 6.7% and 7% yoy respectively in 2013.

Can you describe a previous period in terms of export/import of goods and how it affected the BiH overall economic growth?

Since the outbreak of the global economic and financial crisis in 2008, exports and imports of goods and services represent two key economic variables whose closing balance is of the most important influence on the development of total gross domestic product growth of Bosnia and Herzegovina since they account for 31% and 52.5% of GDP of our country. Prior to the outbreak of the economic crisis, private consumption (81.4% of GDP) remained a key generator of economic growth driven by strong credit expansion in the banking sector, but since 2009 onwards it recorded a continuous decline or stagnation, which clearly indicates the extreme weakening of domestic demand and purchasing power of the population due to higher rates of unemployment on the one hand and the decline in real disposable income on the other.

Due to the above mentioned events in May, movement of exports and

imports of goods recorded a significantly different dynamics than those in the period from 2010 to 2013 which were mainly characterized by a higher growth rates in exports compared to imports of goods. As of September 2014, a total export of BiH goods was recorded in the amount of 6.4 billion BAM which represents an increase of 1.8% yoy. On the other hand, imports have reached the level of 11.9 billion BAM, an increase of 6.5% yoy compared to the same period last year, bringing the trade deficit to 5.5 billion BAM, or an increase of 12.7% yoy. Apart from the above mentioned events in May, significantly poorer performance of exports in 2014 was also caused by a very bad impact of hydro meteorological situation on the production of energy in hydropower plants, resulting in this year's recorded decline in exports of this particular goods which makes for nearly 10% of the total BiH exports (including September there was a decline in exports of 17.4%). Also, a bad situation and operations of domestic producers of base metals was also reflected in the total exports of these most important BiH exportable goods, which accounts for 20% of BiH exports which this year reported a decline of 3.8% yoy.

On the other hand, from year to year, we get more encouraging results from several manufacturing sectors' industries that have successfully recorded growth and breakthrough into European markets such as, exports of timber and furniture industry, which have increased their share in the total amount for 7.5% and achieved a respectable doubledigit growth of 16% yoy, followed by exports of machinery and equipment with a share of 11%, and with the same growth of 11% yoy. Manufacturers and exporters in the field of production of parts for the automotive industry and manufacturers of clothing and footwear, thanks to a very successful cooperation with several European manufacturers, achieve a steady growth in exports and the share in total exports of BiH from year to year, which was also the case in 2014. By the end of the year we expect an overall growth in exports of goods and services of BiH to amount up to 1.2% yoy in real terms, thus this category will contribute with 0.4 percentage points to the overall expected growth. On the other hand, the expected increase in imports of goods and services by 4.9% yoy will result in a negative contribution is to the BiH economic growth with 2.3 percentage points. Thus, the total trade deficit will negatively contribute to the growth of real gross domestic product by 1.9 percentage points in 2014.

Since you are directly involved in the field of investment banking and have a direct contact with investors, can you please tell us what they notice first when they see the table of economic indicators of our country and what is it in that table that either sparks their interest for investment or makes them turn the page and consider some other country? From the perspective of foreign investors with whom we are in constant contact, there are several key factors that they observe and based on which they decide to invest or not to invest the money in a transition country like ours. First of all there is a matter of political stability and progress in the European integration process which significantly demonstrates the seriousness and commitment of the authorities in the reform process, giving rise to the country's credit rating and of course a perspective medium-term economic growth. Our biggest drawback, ahead of any other economic variable, as well as our greatest obstacle to foreign investors seriously considering our country on the map of countries potentially valuable for investment has certainly been our constant political instability, inconsistency and a lag in the process of implementing key economic reforms that would lead to greater competitiveness, attractiveness and success of our economy (such as reforms of labour market and labour law, the tax treatment of labour, improving the efficiency of inspection bodies and reducing the gray economy, the continuation of reforms in the area of starting a business and legislation in the field of implementation of bankruptcy). These are key elements that present investors with the negative image of instability and general insecurity for any investment, start-up of a businesses and continuing operations in our country, due to which they will turn the page and for sure consider a different country.

Also, the long period of political instability and stagnation of reforms that lasts for more than 5 years, reflected more significantly on the dynamics of economic growth in the country and the medium-term forecast of the potential economic growth. Let us note that in the period from 2009 to 2014 the economy of Bosnia and Herzegovina recorded period with almost no economic growth since the average growth was only 0.3% yoy in real terms, which foreign investor see as another alarming indicator of inadequate economic competitiveness. A significant turning point in terms of political stability and the continuation of the reform process is certainly necessary in order to once again place our country on a path off a serious economic growth and attracting foreign and domestic investors.

Is it true that the economic stability of Bosnia and Herzegovina is maintained solely on a basis of new financial debt?

Since the outbreak of the global financial crisis in 2008, all levels of government in Bosnia and Herzegovina continuously recorded consolidated budget deficit which year after year has been financed by creating additional debt. Most were loans from institutions such as IMF, World Bank and European creditors and since 2011, the entity governments increasingly rely on the issuance of debt securities in the domestic market (bonds and treasury bills). Con-

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sidering the above mentioned fact that from 2008 to the present day government in BiH mainly recorded a shortfall of income over expenditure, we can say that the fiscal and hence social and economic stability in the country has been maintained thanks to borrowing in order to cover budget deficits through new loans. Level of consolidated budget deficit and public debt in BiH in the period from 2008 to 2013 was mainly maintained at a moderate level, in accordance with generally accepted Maastricht criteria (-3% of GDP for the consolidated budget deficit and 60% of the level of public debt) and on average these two indicators recorded a value in the specified period of -2.3% of GDP and 37.3% of GDP, respectively. However, a continued budget deficit and additional debt over the past five years has led to a situation where the level of public debt rose from 30.1% of GDP in 2008 to 41.5% of GDP in 2014, or from 3.9 billion EUR to 5.6 billion EUR in 2014, which is concerning growth dynamics of public debt in relation to the total and actual economic growth.

In the context of new debt in BiH in relation to GDP, the government always justifies it by making a comparison with the new responsibilities of the Member States of the European Union. Can such parallels be drawn? It is difficult to compare the level of the budget deficit and public debt in underdeveloped transition country such as Bosnia and Herzegovina and the developed countries of the European Union, in particular members of the euro zone. Specifically, the budget deficit and public debt of euro zone countries are significantly above the theoretical standards and Maastricht criteria themselves, and it is clear that these are unsustainable in the long-term, which in the end resulted in a recent debt crisis of the euro zone countries. Therefore, it is more appropriate to compare the level of the budget deficit and public debt of Bosnia and Herzegovina in relation to, for example,

the countries of South-eastern Europe (SEE), which are somewhat closer to Bosnia and Herzegovina level of development. In 2013, BiH recorded budget deficit of 575 million BAM or 2.2% of GDP and public debt of 3.9 billion BAM or 41.5% of GDP, which still places us below the average for the SEE countries with - 3.0% of GDP and 43.6% of GDP respectively and within the framework of the Maastricht criteria.

However, the debt growth dynamics in the last 5 years is still very concerning since the debt has grown by 45% in that period, which surely makes this dynamics unsustainable in the long term.

Foreign direct investment and macro statistics. Where do we stand today?

In the last 5 years, since the outbreak of the global economic crisis, foreign direct investments have generally been reduced not only in Bosnia and Herzegovina, but also in all other SEE countries. However, the complex and unstable political situation in the mentioned period has certainly made an additional impact, placing Bosnia and Herzegovina at the bottom of the table in terms of total foreign direct investment in the mentioned period. Thus, from 2009 to 2013 the average inflow of foreign direct investment in GDP in the SEE countries amounted to 3% of GDP, while in Bosnia and Herzegovina, it was only 2% of GDP, the lowest average FDI inflows in the specified period of SEE countries. This would mean that the average net inflow of foreign direct investment on an annual basis amounted to only 300 million EUR while for the five-year period before the crisis it was around 730 million EUR. That comparison shows clearly that Bosnia and Herzegovina has indeed dropped to bottom of the list of countries attractive to foreign investors.

Is it true that the previous and this year are the worst when it comes to investments?

Unfortunately, the 2013 and 2014 really are the worst when it comes

to the total net inflow of direct foreign investments in BiH economy. Specifically in 2013, the total amount of investment was only 259 million EUR or 1.9% of GDP, which was the lowest inflow since the recession of 2009. Unfortunately the negative trends continued in 2014, since the first two quarters recorded total inflow of foreign investment of 250 million EUR which reflects a continued decline of 7.4% compared to the same period last year.

What should we primarily deal with?

In order for investors to start seeing us again as an investment worthy country, it is necessary to have a significantly stabile political situation in the country and the steady government which will again begin dealing with serious economic reforms with the aim of improving the competitiveness and the economy growth (such as reforms of the labour market and labour law, the tax treatment of labour, improving the efficiency of inspection bodies and reducing the grey economy, the continuation of reforms in the area of starting a business and legislation in the field of implementation of bankruptcy). All specified measures would lead to increased competitiveness of the real economy and the labour market, reduction of the grey economy, and overall economic growth and development of the country. Furthermore, the authorities should approach more seriously the process of drafting a mid-term strategy for growth and development of the economy and exports; the strategy should be focused on the measures which would support and strengthen the key sectors which have competitive advantage (such as energy, timber and metal industries, production of machinery, tools, parts for the car industry, tourism, etc.). It is important to continue the process of privatization which was stopped, especially in the Federation of BiH, which would certainly lead to a greater inflow of foreign investment in the future.

EBRD and **Bosnia** and **Herzegovina** join forces to strengthen public procurement

he European Bank for Reconstruction and Development and Bosnia and Herzegovina have agreed to work together to further develop the transparency and efficiency of public procurement processes.

The Memorandum of Understanding (MoU) signed between EBRD President Sir Suma Chakrabarti and the Chairman of the Council of Ministers of Bosnia and Herzegovina, Vjekoslav Bevanda focuses on the development of a stable and accountable framework that will enable integrity of public spending.

Under this partnership the EBRD will be providing capacity building programmes, technical assistance, methodological assistance, as well as facilitating the exchange of expert surveys and consultants' reports to



help Bosnia and Herzegovina adopt international best practices and enhance institutional competitiveness. The framework aims to strengthen cooperation between the Bank and authorities in the areas of policymaking, regulation of utilities and natural monopolies and monitoring of public procurement, including public-private partnerships (PPPs).

The MoU builds on the extensive policy dialogue already undertaken by the EBRD in public procurement. "This is a very important step forward for Bosnia and Herzegovina. It strengthens the legal framework, helps promote good governance and encourages efficient use of funds. We stand ready to support the authorities in creating a stable and accountable public procurement framework," said EBRD President Sir Suma Chakrabarti.

Since it started operations in Bosnia and Herzegovina, the EBRD has invested more than €1.6 billion in more than 110 projects. The Bank invests in infrastructure development, support for small and mediumsized enterprises, and strengthening the financial sectors. ■

A workshop on the use of gasses in the food industry held in Bania Luka

n November 6th 2014 in Banja Luka, the Chamber of Commerce of the Republic of Srpska hosted an educational and informative workshop entitled "Achieving higher standards in the production and increasing the competitiveness in the local and international markets through the use of gases in the food industry". The workshop was attended by numerous entrepreneurs, representatives of the food industry in BiH, and the media. Within the joint GIZ GmbH & MESSER BH Gas project entitled "Possible use of gases and practical lessons in secondary schools" an info workshop which set forth theoretical and practical experiences on the use of gases in the food industry was held. This project was supported by the German Ministry for Economics, Cooperation, and Development (BMZ) and DeveloPPP.de program, in cooperation with the Serbian Chamber of Commerce and with the support of the Chamber of



Commerce of the FBiH, the Development Agency EDA and city development agencies CIDEA. This workshop is intended for producers and entrepreneurs who are interested in improving their production, profitability, and keeping up the pace with European and global trends that manifest themselves through the extension of life expectancy of products, the preservation of quality characteristics of the product without chemical treatment, while retaining products' good appearance and freshness. This workshop is relevant to all those who, in their processes of producing and preparing food, storing and packaging, use or intend to use the gas. On behalf of the Chamber of Commerce of the Republic of Srpska, attendees were greeted by Dragica Ristić, who emphasized the importance of creating links between food producers and the food industry which presents a strategic economic group for the economic development of the Republic of Srpska. She also stressed the importance of cooperation between educational institutions and industry. Christine Rau, director of GIZ, stressed the importance of di-

○ FIC MEMBER'S ACTIVITIES

alogue between the public and private sectors as well as the importance of cooperation with the company MESSER within the DeveloPPP program because it encourages small and medium enterprises to develop their businesses. Director of MESSER BH Gas Valentin Ilievski said that the importance of using gases in the food industry is great because it increases the security of the process, maintains food quality and prevents possible food poisoning, if it is packaged and frozen in a

conventional manner." Given that Messer is a world leader in the production and supply of gas, through this cooperation BiH economy will get a clearer and more concrete picture of the importance of applying food gases in many industrial and commercial sectors. Possibilities for the usage of food gases are very wide, including the use of gas in nutrition, fruit growing, manufacturing, and other industries, all with the aim of its more comprehensive applying and achieve better quality

foods "- said Ilievski. The aim of this workshop, as well as the previous one which was held in Mostar, in August, has been achieved. First of all the education of producers about benefits of using food gas, which is a practical way to demonstrate a wide range of possibilities to use gas in nutrition, fruit growing, manufacturing and other industries, all with the aim of it's more comprehensive applying.

Regional Conference DRIVE 2014

n September 25th and 26th, in Sarajevo, Kolektiv d.o.o. (Posao.ba) organized the largest regional conference titled DRIVE 2014, which was intended for all those whose job involves managing and building up employees, professionals of all levels of knowledge and experience.

In the last four years, this event titled HR Conference and with the slogan "People First" and "People are the Mirror of a Company" gathered over 1,000 participants from across the region and more than 50 leading experts. Drive 2014. With a new name and new energy continues the mission of this HR conference in order to introduce new trends and practices in human resources management and provide participants with an opportunity to network with colleagues and business partners.

This year DRIVE 2014 conference, through a number of different contents ranging from lectures and panel discussions to interactive workshops, dealt with the following key topics:

- Recruitment of talent and the role of the employer brand
- Developing leaders for the organization's success
- HR team strategic business partner of companies. ■

ProCredit Bank took part in RENEXPO International Energy Efficiency Fair

n November 5th and 6th 2014, ProCredit Bank took part in the RENEXPO International Fair and conference on energy efficiency and renewable energy sources held in the Hollywood Hotel in Ilidža.

RENEXPO® BiH gathered a number of investors, decision-makers, representatives of relevant ministries and municipal structures, as well as business managers from energy and renewable energy sources' sectors within the biggest energy platform for the entire Western Balkans region.

On this occasion ProCredit Bank presented a special eco credit line for

investments in improvement of energy efficiency, renewable energy and other activities contributing to environmental protection.

Pro Credit Bank eco loans are intended for funding of purchase of modern technologies for harmful gas emission reduction and other investments which have a positive environmental impact.



Saraievo Arbitration Day

OLF THEISS and Association ARBITRI organized on 28th October 2014 in Sarajevo first conference in Bosnia and Herzegovina dedicated to arbitration as a form of alternative dispute resolution, called "Sarajevo Arbitration Day"

Key topics on this conference were as follows:

- International Arbitration from counsel's perspective
- Arbitration in Bosnia and Herzegovina – where do we stand?

- Practice of the Arbitration court of the Foreign Chamber of Commerce of BiH
- Advantages and obstacles for arbitration under the laws of BiH

The speakers on this conference were Mr. Florian Haugeneder (Wolf Theiss), Ms. Nevena Jevremovic (Association ARBITRI), Mr. Abedin Bikic President of the Arbitration Court of the Foreign Chamber of Commerce of BiH and Mr. Veljko Trivun Professor at the School of Economics and Business – Sarajevo.

Cement Factory Lukavac export to Libya

wo trains with a total of 26 wagons of cement were shipped end of September from FCL to Libya by railway for the first time, being an unprecedented ecological-export project not only in BH but in the south-east Europe as well. This project has made FCL a pio-

neer company to run business at Libyan market. The export will facilitate positive image of quality products from BH and will reinforce the country's overall export balance.

The anticipated export of 30.000 tons of cement by end of the year will meet the demand for this type

of construction material which arose following re-launch of infrastructure projects in Libya.

"Agit" transport company, Ploče port, Railways of the Federation of BH, Railways of the Republic of Srpska, and inland transport partners facilitate cement transportation.

Continued Action: Health matters the most

s a part of the continued action 'Health matters the most', in October 2014, representatives of Hypo Alpe-Adria bank visited Cantonal hospitals 'Dr. Irfan Ljubijankić' in Bihać and 'Dr. Safet Mujić' in Mostar.

Mirjana Vučić, director of sales management at Hypo Bank was welcomed by director of the clinic in Mostar, dr. Zlatko Guzina. Dr Guzina gave a tour of new, modern wing of the building where, among other wards, the ward of Gynaecology and Obstetrics is placed. Hypo Bank donated three LED 32" TV sets which complemented new and well equipped hospital rooms.

A representative of the Bihac Cantonal hospital welcomed the director of the Hypo branch office in Bihac, Ms. Admira Krupić. The bank provided this hospital with the two LED 40" TV sets which will meet hospital's requirements in the process of realizing a 'Child friendly hospital' project. As a part of this project it is planned to show a multimedia educational presentations at the Gynaecology and Obstetrics



wards, with the aim of better preparing parturient women for motherhood, showing them the values and importance of breast feeding, and using video presentations to provide them with other useful information.

O ADOPTED LEGISLATION IN BiH* provided by: Wolf Theiss

OFFICIAL GAZETTE OF BOSNIA AND HERZEGOVINA

The Parliamentary Assembly of BiH

- The Law on Public Procurement, Official Gazette FBiH 42/14-39
- The Law on Amending the Law on Public Procurement Official Gazette of FBiH, 50/14-68
- The Law on Amendments to the Law on the Establishment of the Company for the transmission of electricity in BiH Official Gazette of BiH 20 /14-1
- The Law on Electronic Document Official Gazette of BiH 58/14-9

BiH Council of Ministers

- Decision on amendments to the tariffs of administrative fees Official Gazette BiH 15/14-1
- The decision on compensation for using the radio frequency spectrum in BiH Official Gazette of BiH 15/14-12

BiH Ministry of Finance and Treasury

- Order on payment accounts for administrative fees, Official Gazette of BiH 19/14-18
- Order amending the Order on payment accounts for administrative fees Official Gazette of BiH 31/14– 16

State Electricity Regulatory Commission-DERK

- Decision on the approval of auction rules for the allocation of cross-border transmission capacities Official Gazette BiH 14/14-2
- Decision on the approval of auction rules for the allocation of cross-border transmission capacities Official Gazette FBiH 15/14-97
- Decision on the approval of the price list of services for user connection to the transmission grid Official Gazette of FBiH 32/14-136

 Decision on the approval of the price list of services for user connection to the transmission grid Official Gazette of BiH 30/14-2

Central Bank BiH

- Decision on Amendments to the Decision on Determining Tariffs of Fees of the Central Bank of BiH Official Gazette H 64/14-51
- Guidance on the treatment, actions, and measures of the Central Bank when a commercial bank fails to fulfil the obligation in terms of establishing and maintaining required reserves and in case of status changes of commercial banks Official Gazette of BiH 31/14-128

Indirect Taxation Authority of

- Instructions on enforced collection Official Gazette of BiH 2/14-59
- Guidance on taking a sample of goods

^{*}Laws and by-laws of the relevant importance for foreign investors in BiH for the period May -December 2014.

O ADOPTED LEGISLATION IN BIH

- entered in the customs procedure in Official Gazette of BiH 5/14-15
- Guidance on the use of own blank drawn bills in the customs procedure for internal processing based on lohn jobs Official Gazette of BiH 16/14-28
- Instruction on the conditions and the manner of obtaining the status of authorized exporter Official Gazette of BiH 46/14-14

Communications Regulatory Agency-RAK

- Instruction on the procedure for renewal of licenses for the use of telephone numbers blocks of individual non-geographic numbers, short numbers, and codes for the purpose of network and signalling Official Gazette of BiH 9/14-33
- Code of amending the Code of Commercial Communications Official Gazette of BiH 30/14-5

Food Safety Agency of BiH

- List of recognized natural mineral water and natural spring water in Bosnia and Herzegovina Official Gazette of BiH 31/14-118
- List of recognized natural mineral water and natural spring water in Bosnia and Herzegovina Official Gazette of BiH 1/14-120
- List of table waters in BiH Official Gazette of BiH 1/14-121

OFFICIAL GAZETTE OF THE FEDERATION OF BOSNIA AND HERZEGOVINA

FBiH Parliament

- The Law on Amendments to the Law on the Establishment of the Institute for Medical Expertise of Medical condition, Official Gazette FBiH 26/14-2
- The Law on the Financial Services Users Protection, Official Gazette of FBiH 31/14-6
- The Law on Amendments to the Law on Courts in FBiH Official Gazette of FBiH 52/14-1
- The Law on financial consolidation of companies in FBiH Official Gazette of FBiH 52/14-2
- The Law on oil derivatives in FBiH Official Gazette FBiH 52/14-11
- The Law on Amendments to the Law on Business Registration in FBiH Official Gazette of FBiH 63/14-4
- The Law on Misdemeanours Official Gazette of FBiH 63/14-25

- The Law on Amendments to the Law on the penalty interest rate on public revenues Official Gazette of FBiH 66/14-220
- The Law on Amendments to the Law on the Federal Tax Administration Official Gazette of FBiH 71/14-2

FBiH Government

- Decision on establishing the Provisional Guidelines for Electric Power Policy for all participants in the power sector Official Gazette of FBiH 12/ 14-5
- Regulation on the procedure, criteria, form and content of the application for issuance of energy permits for the construction of new and reconstruction of existing production facilities Official Gazette of FBiH 27/14-29
- Regulation on permanent court interpreters Official Gazette of FBiH 29/14-7
- Decision on granting consent to guaranteed purchase price of electricity from plants using renewable energy sources and efficient cogeneration Official Gazette of FBiH 66/ 14-224
- Decision on the adoption of amendments to the Action Plan for the use of renewable energy sources in the FBiH Official Gazette of FBiH 70/14-45
- Regulation on the content of the concession agreement for the exploration and exploitation of oil and gas, the method of calculation and payment of fees, and control of production volumes of oil and gas in FBiH Official Gazette of FBiH 70/14-1

FBiH Ministry of Finances

- Ordinance amending the Ordinance on the Implementation of the Law on Income Tax Official Gazette 45/ 14-332
- Ordinance amending the Ordinance on the payment method of public revenue and extra-budgetary funds in FBiH Official Gazette of FBiH 60/14-42

FBiH Ministry of Justice

 Ordinance on amendments to the Rules of Procedure of the notary Official Gazette of FBiH 3/14-14

FBiH Ministry of Energy, Mining, and Industry

- Instructions on amendment to the instructions on the procedure for gran-

ting prior approval to companies and individuals, prior to registration for the trade in arms and military equipment Official Gazette of FBiH 7/14-108

FBiH Banking Agency

- Decision amending the decision on provisional measures for reprograming credit obligations of individuals and legal persons in banks Official Gazette of FBiH 1/14-194
- Instructions for licensing and other approvals of FBIH Banking Agency Official Gazette of FBiH 1/ 14-194
- Ordinance on the internal organization of the FBiH Banking Agency (consolidated text) Official Gazette of FBiH 23/14-165
- Decision on amendments to the Decision on the single method of accounting and disclosing effective interest rates on loans and deposits Official Gazette of FBiH 23/14-146
- Decision on amendments to the Decision on minimum standards for documenting credit activities of banks
 Official Gazette of FBiH 23/14-147
- Decision on the conditions and the procedure of banks, microfinance organizations, and leasing companies after client's complaint Official Gazette of FBiH 23/14-150
- Decision on the conditions and the procedures upon endorser's request to be exempt from the guarantee obligation Official Gazette of FBiH 23/14-152
- Decision on the conditions for the evaluation and documenting creditworthiness Official Gazette of FBiH 23/14-154
- Decision on minimum standards for documenting the credit activities of microcredit organizations and credit assessment Official Gazette of FBiH 23/14-158
- Decision on amendments to the Decision on minimum standards for bank liquidity risk management Official Gazette of FBiH 46/14-190
- Decision on minimum standards for bank capital management and capital protection Official Gazette of FBiH 46/14-193
- Decision on amendments to the Decision on the form of reports that banks submit to the FBiH Banking Agency Official Gazette of FBiH 46/ 14-203
- Decision on minimum standards for documenting financing through lea-

- sing contracts and the assessment of credit stability of Official Gazette of FBiH 46/14-222
- Decision on revoking the decision on conditions and manner of conducting international payment Official Gazette of FBiH 46/14-226
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- Decision on amendments to the Decision on the form of reports that banks submit to the FBiH Banking Agency Official Gazette of FBiH 62/ 14-22
- Decision on the minimum requirements in terms of content, comprehensibility, and accessibility of general and special operating conditions of financial service providers Official Gazette of FBiH 62/14-18
- Rules of procedure of Ombudsman for the banking system of FBiH Official Gazette of FBiH 62/14-27

FBiH Securities Commission

- License to carry out the work of an investment advisor/investment manager in the trade of securities Official Gazette of FBiH 7/14-71
- Ordinance on amendments to the Ordinance on the content, deadlines, and form of reports of investment funds, management companies, and depositary banks Official Gazette of FBiH 22/14-17
- Ordinance amending the Regulations on mediation in securities transactions Official Gazette of FBiH 27/ 14-123
- Ordinance amending the Regulations on mediation in securities transactions Official Gazette of FBiH 35/ 14-72
- Ordinance amending the Regulations on authorized stakeholders on the securities market Official Gazette of FBiH, 36/14-36
- Decision amending the Decision on fees tariff Official Gazette of FBiH 60/14-396

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- Decision on the procedure for adoption of the distribution Grid Code Official Gazette of FBiH 22/14-18
- Ordinance for licensing Official Gazette of FBiH 43/14-35
- Ordinance for renewable energy microplants Official Gazette of FBiH 50/14-48
- Ordinance on the mandatory share and the takeover of electricity produced from renewable energy sources Official Gazette of FBiH 50/14-52
- Ordinance on the methodology on manner of determining guaranteed purchase prices of electricity from plants with renewable energy sources and efficient cogeneration Official Gazette of FBiH 50/14-61
- Ordinance on the methodology for determining the reference price of electricity Official Gazette of FBiH 50/14-66
- Ordinance on acquiring the status of eligible electricity producer Official Gazette of FBiH 53/14-23
- Ordinance on amendments to the Ordinance on public debate and resolving requests, disputes and complaints Official Gazette of FBiH 71/ 14-107
- Ordinance on amendments to the Rules of Arbitration of the Regulatory Commission for Electricity in FBiH Official Gazette of FBiH 71/14-110
- Ordinance on amendments to the Ordinance on the protection of confidential information Official Gazette of FBiH 71/14-112

OFFICIAL GAZETTE OF THE REPUBLIC OF SRPSKA

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- The Law on Amendments to the Law on Advocacy of RS Official Gazette of RS 20/14-42
- The Law on Amendments to the Law on Notaries Official Gazette of RS 20/14-42
- The Law on Amendments to the Law on Tax Procedure of RS Official Gazette of RS 31/14-18
- The Law on compensations for the use of natural resources for the purpose of electricity generation in RS Official Gazette in RS 52/14-3
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- Official Gazette of RS 63/14-1
- The Law on Amendments the Law on court fees in RS Official Gazette of RS 63/14-30
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RS Government

- The decision to adopt the Action Plan for Energy Efficiency RS until 2018 Official Gazette of RS 1/14-4
- Regulation on the planning the production and consumption of energy from renewable sources Official Gazette of the RS 2/14-1

RS Ministry of Finances

 Ordinance on reporting on credit transactions with foreign countries Official Gazette of RS 84/14-3

RS Ministry of Industry, Energy, and Mining

- Regulations on the procedure for issuing and revoking the license for geological exploration, and the form of license management and publishing a register of licenses Official Gazette of RS 28/14-6
- Ordinance on the amount of concession fee and bank warranties in the field of electric power, energy, mining, and geology Official Gazette of RS 67/14-8
- Regulations on energy class of products Official Gazette of RS 69/14-1

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RS Banking Agency

- Decision on minimum standards for outsourcing management Official Gazette of RS 1/14-37
- Decision on minimum standards for information management systems in banks Official Gazette of RS 1/14-40
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- Decision amending the Decision on temporary measures for reprogram-

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ming credit obligations of individuals and legal persons in banks Official Gazette of RS 1/14-45

- Decision amending the Decision on minimum standards for credit risk management and classification of bank assets Official Gazette of RS 1/14-45
- Decision on licensing and other approvals of the RS Banking Agency Official Gazette of RS 44/14-11
- Decision on minimum standards for bank capital management and capital protection Official Gazette of RS 57/14-14

Regulatory Commission for electricity of RS -RERS

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- Decision on adoption of the Ordinance on issuing a guarantee of origin of electricity, Official Gazette of RS 1/14-46
- Regulations on tariff methodology and tariff system for transport and storage of natural gas Official Gazette of RS 51/14-10
- Regulations on tariff methodology and tariff system for natural gas distribution and supply of natural gas Official Gazette of RS 51/14-23
- Ordinance on the methodology for calculating the cost of connecting to the distribution or transmission sy-

- stem of natural gas Official Gazette of RS 51/14-35
- Decision on approval of the Ordinance on the conditions for the connection of power plants to the electricity grid of the Republic of Srpska Official Gazette of RS 64/14-50

RS Concession Commission

- Regulations of the procedure of transfer of the concession contract and the change of ownership structure of concessionaire Official Gazette of RS 65/14-68
- Ordinance on the content and manner of managing the Register of concessions Official Gazette of RS 65/14-69.

O DELOITTE TAX ALERT

Amendments on the Law on Excise Duty in BiH related to tobacco products

Amendments on the Law on Excise Duties in B&H, which was published in the "Official Gazette of B&H", number: 49/14, entered into force on 2nd July 2014 and will be applicable as of 1st August 2014.

This amendments prescribe the obligation for taxpayers and other persons involved in sale of cigars, cigarillos and smoking tobacco to create inventory lists of the respective tobacco products as on 1st August 2014 and submit them to the Indirect Taxation Authority of B&H (hereinafter: "ITA") until 8th August 2014. In addition, all persons involved in sale of cigars, cigarillos and smoking tobacco are obliged to report new retail selling prices of such products, to calculate and pay the excise difference until 8th August 2014. The difference between excise duty earlier paid and excise duty newly calculated shall be paid within 10 days as of the day the inventory lists were submitted to the ITA.

Those tobacco products for which the excise difference was paid can be sold by applying new retail selling prices until their stock is exhausted. New retail selling prices shall visibly be placed within the retail store. The excise on cigars and cigarillos for 2014 was not amended. However, the excise on smoking tobacco for 2014 now amounts 78 BAM/kg. For simplification purposes for excise duty calculation, you may use calculation tables from the website of the ITA: http://www.uino.gov.ba/b/.

We would like to draw you attention to the fact that the total maximum excise burden of the most popular price category of cigarettes which amounted 126.00 BAM for 1,000 cigarettes was increased to 176.00 BAM of the total maximum excise burden of cigarettes with the lowest retail selling price. Yearly dynamics of increasing the special excise duty for cigarettes remains unchanged. As of 2015, excise duty on smoking tobacco will amount at least 80% of the minimum excise duty payable for 1,000 cigarettes. Excise duty on smoking tobacco shall be established by the Governing Board of the ITA on 30th October within the current year for the year following year.

Amendments on the Law on registration of business entities in FBiH

The Law on amendments of the Law on registration of business entities in Federation BiH, which have been published in Official gazette no. 63/14, has entered into force on 14th August 2014.

The amendment introduces the possibility of registration of branches of foreign legal entities in the company registry.

The branch of foreign legal entity is recorded in the court registry of the court authorised for the region where the branch shall be seated. The law prescribes list of documents that shall be filed along with Application for registration in order to register a branch of foreign legal entity (the list includes registry excerpt of foreign legal entity, decision on establishment, appointment of branch representative, short annual financial statement of the founder and other prescribed documents). All documents shall be filed as original and verified translation into one of official languages of BiH.

The resolution on registration of the branch of foreign legal entity is by official duty sent by the Court registry to the FBiH Tax Authority, Ministry of Foreign Trade and Economic Relations BiH and BiH Ministry of Security – Department for foreign persons (if the branch representative has foreign nationality).

Please note that the legal framework has been put in place and based on that enabled registration of permanent establishments (PE)

O DELOITTE TAX ALERT

in accordance with FBiH Law on Corporate Income Tax. Deloitte will keep monitoring how the registration will function in practice.

Additionally, we would like to inform you that the Amendment of the Law also decreases the administrative costs of the companies which conduct business activity on the territory of Federation BiH by decreasing the number of procedures and documents which require verification by notary (e.g. increase/decrease of capital of stock companies, change of business name, change of business seat, change of business activity, amendment of responsibility of company for other companies, change of company representatives and other). However, if the change relates to any of the provisions of the Foundation Act or Company Statute then such change still requires verification by notary. •

Amendments of the Rulebooks on Excise Duties in BiH related to tobacco products and beer Rulebook on amendment of the Rulebook on application of Law on Excise duties in BiH, which has been published in the Official Gazette B&H no. 74/14, on 16 September 2014, is effective as from 8th day from date of publishing.

The amendments additionally define categories of tobacco products, calculation of excise duties on tobacco products, calculation of excise duties on beer, as well as inventory counts, which is all making the Rulebook aligned with the recent amendment to the Law on Excise duties.

In the same Official gazette the Rulebook on amendments of the Rulebook on excise duty stamps for tobacco products, alcoholic beverages, natural fruit brandy, coffee and wine was published and will be effective from as from 8th day from the date of publishing. The amendment introduces new form ZI-DZP which is a request for printing/ issuing excise stamps for tobacco used for smoking.

Amendments on the Law on penalty interest on public revenues in Federation BiH The Law on amendments of the Law on penalty interest on public revenue in Federation BiH, has been published in Official gazette FBiH no. 66/ 14 dated 15 August 2014 and will be in effect from the following day. The applicant which has fulfilled the conditions for write off of interest prescribed by Article 1 paragraph 3 or Article 2a of the Law on penalty interest on public revenue (please note that Article 2a prescribes, amongst other requirements, that the right on write off of penalty interest on public revenue is realised based on application filed by the taxpayer at latest on 30 June 2013 to the authorised FBiH Tax Authority), and has fully settled the main debt liability by 31 December 2014, will have the right to write off calculated penalty interest.

If the applicant settles the main debt between 31 December 2014 and 30 June 2015 they will have right on write off at 50% rate.

Calculated interest is defined as interest calculated on late payment of public revenues until the day of their payment. •

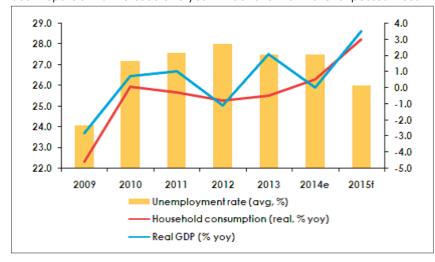
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Downward pressure still exists for B&H economy

fter a slump in Q 2 2014 due to worst natural disaster in modern B&H history, real economy of B&H has been pressured again by the new wave of the heavy rains in August. Hence, it is reasonable to expect again a very weak quarterly GDP development in Q3 close to stagnating levels. In addition, the reconstruction process in the country is going extremely slowly which puts additional pressure on the economic outlook of the country for their main der of the year. Therefore, we have left our baseline growth rate unchanged at the level of economic stagnation (growth rate in range of 0% to 0.5% yoy) for 2014.

Moreover, for the time being we ex-

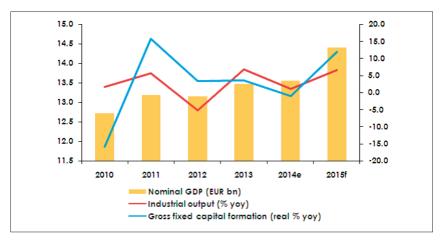
pect that Export of goods and services and Industrial production will both report timid increase this year by 1.2% and 1% yoy. Household and Government consumption should benefit from the expected recon-



Real GDP growth rates (% yoy)



© BiH ECONOMIC OUTLOOK



Key economic figures (forecast)

struction with low positive growth rates of 1.2% yoy and 3.5% yoy, while Gross fixed capital formation will most likely report just mild growth of 4% yoy due to very slow process of reconstruction projects implementation in the country. On

the other hand, booming Imports and Trade Deficits will have a substantial negative contribution to bh. GDP in 2014 as we expect Imports of goods and services to grow by 4.9% yoy. This negative contribution off origin trade balance to GDP

will anull most of the positive impacts from mild growth in consumption, exports and investments. Hence, we expect substantial rise in Current account deficit up to 9.6% of GDP. In addition, external deficit will be accompanied by remarkable rise in General budget deficit and Public debt up to-3.8% of GDP and 45% of GDP. Unemployment rate is expected to rise again to record 28%.

Economic growth forecast for 2015 and 2016 at 3.5% yoy in real terms remained unchanged taking in to account there construction period and planed infrastructure projects in the country. However, the midterm outlook could be subject of a downward revisions if we see no speeding up in the reconstruction processing Q4 2014.

Bosnia and Herzegovina	2009	2010	2011	2012	2013	2014e	2015f
Nominal GDP (EUR bn)	12,4	12,7	13,2	13,2	13,5	13,6	14,4
Real GDP (% yoy)	-2,8	0,7	1,0	-1,1	2,1	0,0	3,5
GDP per capita (EUR)	3236	3312	3430	3426	3550	3574	3798
GDP per capita (EUR at PPP)	7400	7500	7500	7450	7550	7600	7800
Household consumption (real, % yoy)	-4,6	0,1	-0,3	-0,8	-0,5	1,2	2,5
Gross fixed capital formation (real % yoy)	-28,8	-15,9	15,8	3,5	3,5	4.0	12,0
Industrial output (% yoy)	-3.3	1,6	5,6	-5,2	6,7	1,0	6,5
Producer prices (avg,% yoy)	-3,2	0,9	3,7	1,9	-1,8	0,0	2,4
Consumer prices (avg,% yoy)	-0,4	2,1	3,7	2,1	-0,1	-0,9	3,5
Average gross wages (LCY, % yoy)	8,2	1,1	4,4	1,1	0,4	0,7	5,4
Unemployment rate (avg,%)	24,1	27,2	27,6	28,0	27,5	28,0	26,0
General budget balance (% of GDP)	-4,4	-2,5	-1,3	-2,0	-2,2	-3,8	-2,5
Public debt (% of GDP)	35,1	38,3	38,9	39,7	41,5	45,0	44,6
Trade balance (% of GDP)	-28,2	-26,3	-28,4	-28,8	-25,7	-28,2	-27,4
Current account balance (% of GDP)	-6,5	-6,1	-9,7	-9,3	-5,5	-9,6	-8,3
Net foreign direct investment (% of GDP)	1,4	2,1	2,6	2,1	1,9	4,4	6,3
Official FX reserves (EUR bn)	3,2	3,3	3,3	3,3	3,6	3,8	4,1
Gross foreign debt (% of GDP)	53,8	57,5	67,0	63,3	62,2	63,5	62,5
EUR / LCY (avg)	1,96	1,96	1,96	1,96	1,96	1,96	1,96
USD / LCY (avg)	1,40	1,47	1,41	1,52	1,47	1,45	1,47

Source: Raiffaisen Economic and Financial Outlook – October 2014

The events attended by FIC members (May - December 2014.)	Content	Place and time
Letter sent to the FBiH Government related to the draft Law on Corporate Income Tax of the FBiH	The FIC sent comments to the draft of the Law on Corporate Income Tax to the FBiH Government	Sarajevo, April 28th 2014
Meeting with representatives of the Business Development Department of Chemonics Ltd.	The meeting was focused on the potential cooperation between the FIC and Chemonics in creating a new strategy for judicial reform in BiH	Sarajevo, April 30th 2014
Bosch Security Systems Conference - open day event	The FIC director presented the activities of the FIC and supported the work of Bosch in the BiH	Sarajevo, May 2014
Meeting of the FIC and representatives of Telemach company	Discussion about cooperation and the development of the ICT sector in the FIC working groups	Sarajevo, May 2014
Reception organized by the economic attaché of the German Embassy in BiH	The FIC director attended a cocktail reception where the cooperation between economic institutions in BiH and international organizations was discussed	Sarajevo, May 2014
Working meeting with the representatives of ITA BiH	Working meeting was held with the aim of preparing the conference on the theme indirect taxation, in cooperation with the representatives of the ITA BiH	Sarajevo, May 2014
Participation in the BBI Forum	Members of the FIC participated in the BBI business forum. FIC President presented the most common obstacles to investment in BiH	Sarajevo, May 2014
EU Forum on prosperity and employment in BiH	The FIC director spoke on a theme of foreign investment at the panel on economy and corruption	Sarajevo, May 2014
Meeting with representatives of USAID's project for sustainable energy	During the meeting participants discussed the cooperation between the FIC and USAID's potential project which will be related to energy-sustainability through business development	Sarajevo, May 2014
FIPA BoD meeting	FIC president and ED attended FIPA's BoD meeting	Sarajevo, May 2014
Austria Business Club Cocktail	The FIC director attended a cocktail reception at Austria Business Club	Sarajevo, May 2014
CCI conference on Challenges of budge- tary stability in Bosnia and Herzegovina	Members of the FIC BoD attended the conference	Sarajevo, May 2014
Working meeting with representatives of the EU Forum	During the meeting participants discussed the continuation of FIC and EU's activities with the aim of implementing the conclusions of the EU Forum	Sarajevo, June 2014
Summer corporate meeting of the FIC and AHK	FIC and AHK officially signed the Agreement on Cooperation and organized a corporate gathering for the companies and a representative of the current government	Sarajevo, June 2014
The FIC and USAID Sida GOLD organized working meeting on the issuance of permits in BiH	The meeting brought together representatives of companies and relevant ministries and the discussions were focused on the issuance of licenses in both entities and amending regulations relevant in accelerating these procedures	Sarajevo, June 2014
Meeting with Mrs. Amy Flohr - US Government representative in charge of relations with Bosnia and Herzegovina	During the meeting participants discussed the business climate in BiH and relations of our Association and the authorities in Bosnia and Herzegovina	Sarajevo, June 2014
Meeting with representatives of FIPA and FBiH Ministry of Finances	During the meeting participants discussed the draft of Law on Income Tax and certain provisions related to benefits for exporters	Sarajevo, June 2014
FIPA BoD III session	Regular meeting of FIPA BoD	Sarajevo, June 2014
EU Forum Implementation of conclusions - continuation	EU Forum in cooperation with the FIC and other partners held a follow-up activity where Mrs. Jasmina Lopičić, FIC Board member, held a presentation on the administrative barriers to investment in BiH	Banja Luka, July 2014
Roundtable on: Analysis of the Labour Law in Republic of Srpska	The RS government, the Ministry of Labour, invited the representatives of the FIC to take part in a round table where they analysed the proposals and amendments to the new Labour Law of RS.	Banja Luka, July 2014



© EVENTS WITH FIC MEMBERS PRESENCE

The events attended by FIC members (May - December 2014.)	Content	Place and time
FIC President, Mr. Muidža met with senior EU officials in Brussels	The meeting was held with representatives of the EU led by Ambassador Duquesne, with the aim of participation of the FIC President in the donors' conference in Brussels	Sarajevo, July 2014
Meeting with representatives of the EU DECEB Project	The meeting was held to familiarize the FIC representatives with the project, which is intended to strengthen the central government bodies to ensure the efficient application of regulations	Sarajevo, July 2014
USAID FIRMA presentation of reports Potentials of wood industry - production of wood pellet as investment potential	USAID FIRMA presented the FIC a report on the potential of the wood industry in BiH	Sarajevo, July 2014
Meeting with representatives of the RCC	Establishing cooperation between the FIC and the RCC with the aim of strengthening the cooperation between regional FIC offices and organizing the conference on combating the gray economy in the region	Sarajevo, July 2014
FIC members took part in drafting ILO report	International Labour Organization (ILO) included the FIC members in the process of drafting the report: "Labour mobility in SEE as a factor of development".	Sarajevo, August 2014
Meeting with the World Bank representa- tives	During the meeting participants discussed the potential cooperation with the World Bank teams working to amend the law relevant to the business environment and advocating for effective application of regulations	Sarajevo, August 2014
BEAR conference organized by GIZ and AHK	FIC President participated as, a panellist, at the conference which dealt with investments in BiH with an emphasis on the development of local communities	Sarajevo, September 2014
Meeting of FIC representatives with the Executive Director of IMF	Executive Director of the IMF, Mr. Menno Snel , met with the FIC director in order to get acquainted with the recommendations from the White Book	Sarajevo, September 2014
Business meeting of entrepreneurs from Slovenia and Bosnia and Herzegovina, or- ganized by the Slovenian embassy	The FIC director gave a presentation of FIC activities and presented a White Book to Slovenian entrepreneurs	Sarajevo, September 2014
CC meeting	Cooperation Council of FIC (CC) held its regular meeting where the issue of implementation of regulations in BiH was discussed	Sarajevo, September 2014
FIC BoD meeting	The regular meeting of the FIC BoD where the work plan of the FIC and association with other partners were discussed	Sarajevo, September 2014
Meeting with the Ambassador of France	FIC director met with the new Ambassador of the Republic of France in Bosnia where they discussed about the development of the French Business Club in BiH	Sarajevo, September 2014
Posao.ba – DRIVE conference	The FIC has actively participated in this conference and organized a promotional booth to present its activities and the White Book	Sarajevo, September 2014
The challenges of Indirect Taxation in BiH	FIC, in cooperation with the EU Delegation and the BiH Council of Ministers organized a conference where the representatives of entrepreneurs and ITA representatives met for the first time to talk openly about improving mutual cooperation	Sarajevo, October 2014
FIPA BoD IV session	Regular meeting of FIPA BoD	Sarajevo, October 2014
Meeting with representatives of DEPO website	DEPO website and the FIC in cooperate on protection of intellectual property and taxation of exports of services in BiH	Sarajevo, October 2014
Regional meeting of RCC and FIC regional offices	The first meeting of the FIC regional offices /SRB, MAK, CRO, MNE AND BIH/ with the representatives of the RCC, where they discussed the future cooperation of these offices and the organization of a regional conference for investors	Belgrade, October 2014
Presentation of the Progress Report of the EU Delegation to BiH	Members of the FIC / companies participated in the discussion following the presentation	Sarajevo, October 2014
Meeting with Al Jazeera business news redaction	During the meeting participants discussed future cooperation and participation of the FIC in creation of content relevant for foreign investors	Sarajevo, October 2014

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© EVENTS WITH FIC MEMBERS PRESENCE

The events attended by FIC members (May - December 2014.)	Content	Place and time	
Meeting of the FIC representatives and representatives of judicial institutions in Bosnia and Herzegovina	Implementation of the recommendations from the "White Book 2012/13" section Judiciary	Sarajevo, November 2014	
Meeting of the FIC Executive Assistant FIC representatives of Chemonics International	Discussion about the new USAID projects	Sarajevo, November 2014	
Participation of the FIC companies in a workshop on providing macro-economic assistance to BiH by the EU	Ex post evaluation of the European Commission on providing macro-economic assistance (MFA) to BiH by the EU in 2013	Sarajevo, November 2014	
The participation of the FIC representatives at the round table "A transparent and efficient public procurement system in BiH: Between Ideals and Reality"	The round table was organized within the project "Open Public Procurement in Bosnia and Herzegovina", and with the financial support of the European Union and the Government of the United Kingdom.	Sarajevo, November 2014	

OUR ACTIVITIES AND ACCOMPLISHMENTS

Companies/members are main force of the Foreign Investors Council. Therefore, we do everything to make their voice is heard.



























FIC Members



































































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