



Foreign
Investors
Council

FIC NEWS

June - December 2017



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Fra Anđela Zvizdovića 1/B11, 71 000 Sarajevo, BiH

Tel: +387 33 295-880, Fax: +387 33 295-889

info@fic.ba, www.fic.ba

INTRODUCTION

Word of FIC President

Dear members, partners and friends,

Welcome to the pages of FIC bulletin, a revised and edited version of the FIC activities and relevant info for the foreign investors present in BiH. Activities period covers June – December 2017. This bulletin is created to inform you about the FIC activities in 2017 and other relevant information for the foreign investors and the development of investment climate in Bosnia and Herzegovina. We will try to keep you informed about the activities that take place within FIC association, present our new members, introduce the projects relevant for your business operations, and publish the news which have marked a certain period, as well as many other useful information. I hope you will enjoy reading our bulletin. Referring to the period behind us, when it comes to the business climate in Bosnia and Herzegovina, we can notice that the 2017 was marked by the implementation of more or less successful reform processes. Since there is no indication that greater political stability will be established before the next general election, we cannot realistically expect any significant progress when it comes to internal incentives for economic development, and attracting new foreign investment. Although the attitude towards direct foreign investments changed in recent decades in BiH, we can not ignore the fact that the inflow of FDI in the last two years was extremely small, but the recently published indicators for the first nine months of 2017 still give a certain optimism, as it has been recorded FDI increase of 60.6% over the same period of 2016. Over the past year, one of the most important goals of FIC, among other things, was to indirectly promote investment through our activities and media information. FIC, in cooperation with its partners, achieved good results in terms of activities that go towards the relief of entrepreneurs in BiH, and therefore strengthening the position of foreign investors, as evidenced by this publication of FIC newsletter. It is extremely rewarding for me, whenever I have the opportunity, to note that the Foreign Investors Council BiH represents over 60 foreign, mainly the largest, investors present in BiH, associated with the universal aim of improving business conditions and attracting foreign investment. Also, we are proud that our members are working in a very transparent, socially responsible, conscientious way, and most of our leaders are the most successful in their branches with positive financial results and are thus the best business ambassadors of BiH in the business world, the lighthouses that shows the way to other potential investors and sends the message that it is possible to successfully operate in BiH. I want to thank you for the support and express hope for a faster recovery of BiH economy and major investments in the future!



Sincerely,



Branimir Muidža
FIC President

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Traditional FIC & AHK Sommerfest 2017

On July 5, 2017, a traditional summer corporate meeting was held in Sarajevo in a joint organization of the BiH Foreign Investors Council and the Representation Office of the German Economy in BiH, with the support of the ProCredit Bank of BiH and PwC BiH sponsors. In the presence of numerous high-ranking guests from the economic, diplomatic, political and public life of BiH, the president of the BiH Foreign Investors Council, Banimir Muidža, emphasized that this meeting is a chance for a quality, constructive and rich exchange of opinions and experiences as well as making new acquaintances. Above all, the opportunity to join together in the coming period in order to seek out better, more flexible and innovative solutions that will help us to provide a better business environment in Bosnia and Herzegovina and bridge current challenges with the least possible consequences.



"Regardless of the circumstances and the subtlety of the political situation stemming from the complexity of the regional context, the Bosnian economy still has the potential and our desire is to develop this potential by creating a favourable legal and investment framework for foreign investments. That is why I believe that you will all contribute to our activities and our package of economic prosperity that is formulated in the light of our White Paper recommendations, and that we will jointly improve the business climate in BiH, develop its competitive advantages and make the country attractive to foreign investors who protects and encourages good entrepreneurs," Muidža emphasized.



German Business Representatives Director Martin Gaber presented projects and initiatives launched by the Representation in the first half of 2017, particularly by emphasizing the initiative of connecting German customers to suppliers from BiH. *"And despite all the challenges facing businesses, we've seen the competitiveness of local businesses growing. Enterprises from Bosnia and Herzegovina received the best marks of German customers, of which 5 of the top 7 companies come from BiH,"* Gaber said. In his address, Mr. Gaber is equally important to the German-Bosnian economic relations. Pointing out that around 250 German companies operate in BiH, and besides the fact that a large number of foreign investors come from Germany, one should not overlook the fact that the annual trade exchange between these two countries is over 1.7 billion euros, which makes Germany a very important foreign trade partner Bosnia and Herzegovina. The President of the Association of the German Economy in BiH, Mrs. Snježana Kopruner, also welcomed the guest.

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CLDP held Workshop on International Sales Contracts

From September 20-21, in coordination with the Centers for Judicial and Prosecutorial Training of the Republika Srpska (RS) and the Federation of Bosnia and Herzegovina (FBiH), CLDP conducted a workshop on international sales contract enforcement in Dobo, Bosnia and Herzegovina (BiH). Participants included approximately 25 judges from both the RS and the FBiH (the two government entities of BiH). The workshop aimed to increase the capacity of judges to effectively adjudicate international commercial disputes. Senior US District Judge Jed Rakoff of the Southern District of New York and Professor Peter Winship of the Dedman School of Law at Southern Methodist University discussed issues in the adjudication of cross-border disputes such as recognizing choice of law and conflict of laws and applying international treaties and conventions. The workshop also intended to raise participants' awareness of arbitration and other means of alternative dispute resolution. It featured presentations on alternative dispute resolution from representatives of the Foreign Trade Chamber of BiH and the Foreign Investors Council, and the judges participated in an interactive case study on enforcement of arbitral awards. Building on CLDP's training on the adjudication of bankruptcy cases in June 2017, this event is part of a series of workshops intended to build the capacity of the judiciary in BiH to handle commercial cases. This increased capacity will produce the predictable and uniform decisions necessary to attract foreign investment and encourage entrepreneurship, and will level the playing field for US companies looking to do business in BiH.



FIC supported the 30th selection of the 100 largest companies in the BiH economy

On the occasion of the 30th selection "100 largest in the economy of Bosnia and Herzegovina" and the 45th anniversary, business magazine Poslovne novine presented the most successful companies in the past year, as well as the winners of the award at the gala ceremony in Hotel Hills Sarajevo, on 20 September 2017. A new, redesigned edition of the "100 largest in BiH" publication was also presented, along with rankings of large, medium and small companies by income, profit, export and cash flow investments in 2016 and analysis of leading industrial sector with The top 20 companies in each sector were announced. For the first time Poslovne novine announced top 500 companies from the region. Among the awarded companies, were also FIC members: HETA d.o.o. Sarajevo, Holdina d.o.o. Sarajevo, Phoenix d.o.o. Bijeljina, Bimal d.d. Brcko, NSoft d.o.o. Mostar. Alena Ahmetpahić-Fočo, Chief and Editor of Poslovne novine said: „All the companies that were found on these



rankings were allowed to use the electronic seal "100 largest", which guarantees quality to customers, and confirms long-term commitment to business partners and the social community." "We are extremely honored that Foreign Investors Council is partner of the project "100 largest companies in BiH" organized by Poslovne novine from Sarajevo. I am glad that this unique project promotes a transparent business and provides relevant indicators of the BiH economy," said Sanja Miović, Executive Director of Foreign Investors Council.

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International Business Conference Canton Sarajevo 2017

This year, the Foreign Investors Council of BiH supported the organisation of the 2nd International Business Conference Canton Sarajevo 2017, which was held on September 27-28, 2017 in Sarajevo, organized by the Sarajevo Canton Ministry of Economy and the Cantonal Chamber of Commerce. Economic and financial experts from the country and abroad, representatives of domestic and foreign companies from various economy sectors, as well as representatives of the diplomatic corps and authorities, are participating at the conference. The focus of this year's conference was on bilateral meetings, which have great interest. The conference was an opportunity for business people from Bosnia and Herzegovina and the world to get to know, discuss and exchange information on today's business challenges and to establish new business cooperation or upgrade existing ones.



FIC representatives participated in preparation of the Report on the Implementation of the UN Convention against Corruption (UNCAC)

Agency for the Prevention of Corruption and the Coordination of the Fight Against Corruption and the Ministry of Security of Bosnia and Herzegovina, which are the coordinators of the implementation activities of the UN Convention against Corruption (UNCAC) in BiH, organized in October 2017, consultative meetings between the evaluation team of the UN Secretariat and the representatives of the business community regarding the implementation of the UN Convention Against Corruption (UNCAC). At the meetings, the emphasis was on Chapter II "Preventive Measures" for which the Self-Assessment Report was made by the Agency for the Prevention of Corruption and the Coordination of the Fight Against Corruption, and Chapter V "Restitution of Goods Related to Money Laundering Prevention Measures" (as well as Article 14 of the Convention, Money Laundering Prevention Measures), the report which was made by the Ministry of Security of BiH. On behalf of the Foreign Investors Council the meeting of was attended by Mr. Ferid Kapidžić from PwC Sarajevo, who provided information on the current state of implementation of Article 12 of the Convention concerning measures to prevent corruption in the private sector.

RENEXPO® BiH

More than 1,500 experts from BiH, region and Europe gathered on the 8th and 9th of November at the Hotel Hills in Sarajevo at the RENEXPO BiH fair and conference. The participants were given the opportunity to exchange views, knowledge and information on the latest technological achievements, innovations and solutions for sustainable development in the field of energy and the environment. RENEXPO is the largest



international fair and conference program in the region dealing with the development of sustainable energy, environmental protection, water and waste management. This year, as in previous years, the fair brought together investors, experts, representatives of state and local institutions, business leaders in the field of renewable energy, environmental protection, water and waste management. Also, over 80 regional and international leaders in biogas, biomass, hydro power, energy efficiency, waste management, water and wind power, and flood protection have been presented at the exhibition area of the fair, covering 2,000 square meters. During a two-day event, participants of a rich program that consisted of conferences, seminars, workshops, panels, roundtables, forums and B2B meetings were also representatives of the Foreign Investors Council.

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Conference "New Development Path of FBiH - Blue Book" was held in Sarajevo

A joint conference of the BiH Foreign Investors Council, FBiH Government and the FBiH Employers' Association, entitled "New Development Path of FBiH - Blue Book" was held on October 4, 2017 in Novotel Bristol Sarajevo hotel. The purpose of the conference is to present to the BiH public a Blue Book draft to the BiH public, a kind of compilation of concrete measures that the FBiH Government should undertake in order to create a new growth model for the Federation of BiH. The authors of Blue Book are members of the FBiH Government's Economic Council. Blue Book was also written by representatives of the Foreign Investors Council of BiH, FBiH Employers' Association and the FBiH Economic Development Institute, who have dealt with different areas such as: creating a favorable business environment, a strategy for attracting foreign investment, and issues of unemployment, public spending, fiscal policy and state-owned enterprises. Conference introductors were H.E. Christiane Hohmann, Ambassador of the Federal Republic of Germany to BiH, and Matthew Lawson, Deputy Chief of Mission of the British Embassy in BiH, who stressed that the Blue Book would serve to FBiH authorities to re-launch and accelerate the economic reform process. President of the Economic Council of the FBiH Government, dr. sc. Vjekoslav Domljan initially presented the Blue Book draft, pointing out that the Blue Book points to the path that the Federation of BiH must undergo



to become a high income economy. The importance of Blue Book is that it points to the problem of invasion into the trap of structural transformation and how to avoid that trap. Three panels were held under the conference: Public Sector, Economic Development and the Financial Sector. Panelists of the conference were: Fadil Novalić, Prime Minister of the FBiH, members of the Economic Council of the FBiH Government, dr. sc. Vjekoslav Domljan, dr. sc. Goran Mirašić, dr. sc. Sead Kreso, dr. sc. Aziz Šunje, dr. sc. Matej Živković and dr. sc. Igor Živko, Branimir Muidža, President of the Foreign Investors Council, Adnan Smilbegović,

President of FBiH Employers' Association, Ljubiša Đapan, Director of the Federal Institute for Development Program, Mubera Brković, BoD member of the Foreign Investors Council of BiH, Francisco Parodi, IMF mission chief, Refika Prašović, Financial Director of the International Airport "Sarajevo" d.o.o. Sarajevo, Snježana Köpruner, General Manager GS - Travnik d.d. factory, Ian Brown, EBRD chief in BiH, Tomislav Majić, president of the LiNK Mostar Association and Jasmin Mahmužić, Director of Banking Agency of FBiH. Throughout the panel, the present guests had the opportunity to comment and suggest and opened the discussion and took the final standpoint that will serve the authors of the Blue Book to finalize their contributions, and the FBiH Government will serve as input in developing a 2018 economic policy document.



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First "Dubrovnik Talks" held

From 20 to 22 October 2017 in Dubrovnik, the first "Dubrovnik Talks" were held successfully. In order to gather and connect successful business people and companies that are the generators of the regional development, the Sarajevo School of Science and Technology (SSST), in cooperation with partners from Croatia (High School of International Relations and Diplomacy Dag Hammarskjöld from Zagreb) and Montenegro University of Donja Gorica from Podgorica) has organized this regional gathering. Speakers from Bosnia and Herzegovina, Croatia and Montenegro shared their views and considerations on the state of the region's economy and possible directions of development, showing positive and successful examples from practice. The next year's joint goal is to include international experts and participants from the countries of the organizers, diasporas and especially from the Mediterranean area to discuss concrete issues that should bring prosperity to all stakeholders. At the "Dubrovnik talks", one of the participants was Mr. Branimir Muidža, president of the Foreign Investors Council in BiH, whose focus was on priorities in improving the business climate, pointing out that the main obstacles to investors continue to occur when registering business entities, liquidation proceedings of business entities and issuing permits (construction, environmental and energy). The following "Dubrovnik Talks" will take place from 24 to 26 October 2018 in Dubrovnik.

Second meeting of the Council for Foreign Investors of FBiH



Removing administrative and other obstacles to increase foreign investment in Bosnia and Herzegovina, was the main theme at the second session of the Council for Foreign Investors of the Federation BiH led by the Federal Trade Minister and Chairman of the Council, Mr. Zlatan Vujanović. This advisory body, appointed by the FBiH Government in January this year, aims to help and encourage foreign investment and improve the overall business climate for investors and to further coordinate and co-operate with federal, cantonal and local institutions in the

area of investment. As President Vujanovic pointed out in the information on the activities of the Council since its founding, much has been done to create a more favorable business environment and highlighted the problems that arise in practice and which must be avoided in order to attract foreign investors. In a very open discussion, Council members exchanged the opinions about co-ordination of activities in order to reach the best solutions and to promote the Federation of BiH's potential market for potential investors. FIPA Agency also presented its activities, with a special emphasis on the report on implemented programs which support foreign investors. The Foreign Investors Council of BiH informed the government Council and presented examples of business barriers that foreign investors face in practice. The issues related to the Law on Public Procurement, which were said to be designed to put at the same quality and inadequacy, have been highlighted, with unjustified long deadlines for post-tender complaints. The session emphasized the importance of cooperation with international financial institutions, such as the International Finance Corporation (IFC), a member of the World Bank Group. As one of the problems that were emphasized at the session and which burdens the overall business climate in BiH, are barriers between entities trade, which are particularly visible through the RS Government Decree on banning the sale of chemical products if manufacturers are from the Federation of BiH. The Council members agreed that in solving this very important problem, the Council of Ministers of BiH should also be included. President Vujanovic pointed out in the end that all suggestions of the Council members can be addressed through a open forum on the Federal Ministry of Trade website.



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Sarajevo Unlimited 2017: VIP cocktail with Foreign Investors Council BiH



In Sarajevo, on October 3, 2017, the Foreign Investors Council organized a VIP cocktail where was awarded the most innovative company within this year's Second Regional Forum "Sarajevo Unlimited 2017", the largest regional event in the ICT sector. Ministry of Programming is a Bosnian-Herzegovinian company for startups that has won this award. Co-owner of this company, Rešad Začina, said the award came unexpectedly, adding that in two and a half years of existence they made great successes, established cooperation with major global corporations and currently employ 60 people and announce even greater

growth. *"We are currently creating a worldwide network that will bring together all cancer patients in the world and one of our partners is Microsoft, and besides these socially responsible projects, we also make the largest network for legal sharing of themes within the games, which has not been the case so far, and we do this in cooperation with the German stock market,"* Začina explained. The president of the Foreign Investors Council, Branimir Muidža, said that by organizing "Sarajevo Unlimited 2017" Sarajevo puts on a map of countries that monitor the active startup ICT scene, and now it is clear that in Bosnia and Herzegovina future development can not be based solely on, for example, exploitation of forests or other natural resources. *"It is necessary to rely on what the western countries are doing in the 21st century, while the fourth industrial revolution is underway by*



ICT sector progress, this is a good opportunity for young innovators and young companies to find the way to the market" Muidža emphasized. The co-founder of the Networks INT Sarajevo, the organizer of "Sarajevo Unlimiteda", Bojana Škrobić Omerović underlined that this year some investment funds which want to invest in the BiH market, were present at the Forum. This year's Forum brought together many participants from around 20 countries where innovative ideas are presented in this fastest-growing industry.

CEFTA Week 2017 - Belgrade



This year's CEFTA WEEK 2017 was held in Belgrade on 21st November under the Chairmanship of Serbia. This was an excellent opportunity for taking stock of the achievements and positive results made so far under CEFTA. The main focus of this event was creation of a regional economic area in particular CEFTA Additional Protocol 5 and 6 and the harmonization of CEFTA markets with the EU. CEFTA week 2017 covered three sessions discussing trade promotion, investment and

regional economic area between CEFTA Parties. The main participants included government officials from all the CEFTA Parties, regional and international organizations, the business community, academics and international experts from the EU, GIZ, RCC, OECD UNCTAD and IFC/WBG and regional FIC offices

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Press Statement - Foreign Investors Council on Doing Business 2018 report for Bosnia and Herzegovina

On the occasion of the World Bank's new Doing Business report 2018 on ease of doing business, the FIC express its concern about the fact that Bosnia and Herzegovina is ranked at the very bottom among other European countries in the category ease of doing business, and also further downgraded to 7 places. The report did not come as a surprise to us, because in its structure and analyzed indicators it detects and suggests difficulties that are clearly indicated by the FIC in its publications, White Book FIC and FIC Barometer. Current economic situation, results of the report, low level of foreign direct investment, low level of employment, standard and purchasing power of the population as well as the negative demographic trends, clearly indicate the need and urgency of the reform activity. By applying the same economic policies, only the same or insufficiently good results can be obtained, which means that decisive changes and reforms are needed. In this sense, the original goals of the Reform Agenda are defined, in which the commitment to implementation of measures and laws is clearly expressed in order to eliminate barriers, reduce the tax burden on labor and capital, in order to reduce the level of the shadow economy, thus opening the way to entering fresh capital, investments, new employment and a better standard. In the end, this will result in more positive demographic trends. The issue of economics and the need for genuine and substantive changes in economic policies clearly points to the need for adequate action. We believe that this report should be a call for alarm and action, and hereby FIC publicly appeals and asks all levers of executive and legislative power at all levels in Bosnia and Herzegovina to take actions more decisively and boldly. We recall that most solutions and recommendations to solve difficulties can be found in the new edition of the White Book. Every new measure should be more favorable for the company and in no case more unfavorable. Realization of the recommendations from the White Book would significantly improve the business environment in Bosnia and Herzegovina, the level of GDP growth, foreign and domestic investment, employment and citizens' standards.



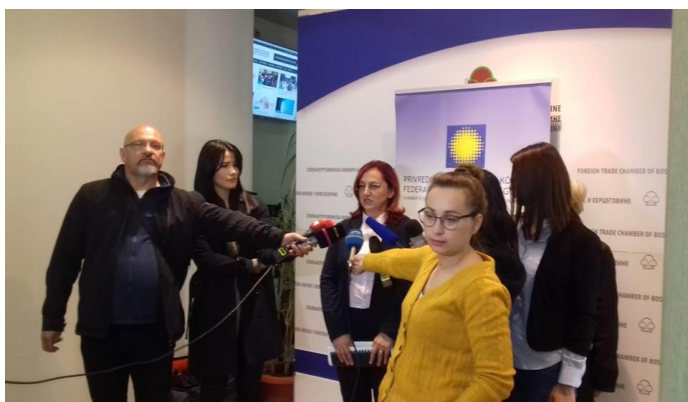
Foreign Investors Council was presented to Slovenian entrepreneurs

On 28 November 2017, at the Embassy of the Republic of Slovenia in Sarajevo, on the initiative of Mr. Borut Valenčič, Economic Advisor to the Embassy of Slovenia in BiH, a working meeting was held with entrepreneurs from Slovenian companies which operating in BiH. Representatives of 16 Slovenian companies participated at the meeting, and special guests were Sanja Miović, Executive Director of the Foreign Investors Council and Dr. Jure Peljhan, Member of the Management Board of NLB Bank Sarajevo. The Slovenian Ambassador to Bosnia and Herzegovina Zorica Bukinac and Economic Advisor Borut Valenčič also welcomed the guests, after which Ms. Miović presented FIC and its activities. Finally, Jure Peljhan presented an initiative to resume formal meetings of Slovenian entrepreneurs in BiH, or to re-establish the Slovene Business Club in BiH, and on the basis of response or expressed interest will follow the appropriate activities.



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Public debates on the adoption of new FBiH tax laws were held



FBiH, expressed dissatisfaction with the new legal solutions. These laws were proposed by the Federal Government, but employers argue that the provisions of the laws are not in line with the Reform Agenda and will not contribute to improving the business environment and increasing foreign investment, and in practice will create a mild burden on employers. They emphasized that they want a stable legal environment, i.e. taxable



Novalic and FBiH Finance Minister, Jelka Milicevic. President of the Foreign Investors Council, Branimir Muidža said that BiH has one of the lowest GDP (gross national income) in Europe, a large number of unemployed people, and really low inflow of foreign investment in the last two years, which is only about 260 million euros. "The gray



Regarding the current issues related to the adoption of the new Law on Income Tax of FBiH, Law on Contributions of FBiH and the Law on Profit Tax, on the initiative of a large number of companies from FBiH, on 13 November 2017 a main public debate was held in Sarajevo. The organisers of this debate were the Foreign Investors Council, FBiH Employer's Association, FBiH Economic Chamber of Commerce, Delegation of German Economic Affairs in BiH and FIPA. Representatives of this five organizations, whose members account more than 60 percent of the total economy in FBiH, expressed dissatisfaction with the new legal solutions. These laws were proposed by the Federal Government, but employers argue that the provisions of the laws are not in line with the Reform Agenda and will not contribute to improving the business environment and increasing foreign investment, and in practice will create a mild burden on employers. They emphasized that they want a stable legal environment, i.e. taxable predictability, in order to plan further investment and increase the number of employees because constant change in legal solutions creates uncertainty. Director of FBiH Employer's Association, Mladen Pandurevic explained that in the Law on contributions, the basic requirement of employers is to reduce the contribution rate, and when it comes to income tax law, unique tax rate is required and a dividend of less than 10% rate. Pandurevic also said that representatives of those five organisations will hold a meeting in January next year with Prime Minister, Fadil Novalic and FBiH Finance Minister, Jelka Milicevic. President of the Foreign Investors Council, Branimir Muidža said that BiH has one of the lowest GDP (gross national income) in Europe, a large number of unemployed people, and really low inflow of foreign investment in the last two years, which is only about 260 million euros. "The gray economy is currently being estimated at between 30% and 50% of GDP. The purpose of these laws should be to get out of that gray zone so that workers have the lowest possible costs. This would stimulate economics and employment," says Muidža. A public debates on these laws were organized in ten cities of the Federation and it was announced that amendments would be submitted to the Federal Parliament, with the aim of improving the law and establishing a more favorable business climate.

FIC NEWS

Reliability Conference 2017: Awarded Solvency Stars



Poslovne novine, LRC BIS, and BBI VIP Business Club in Sarajevo, held a business conference on Reliability 2017, which aimed at promoting successful domestic companies that can boast of excellent results. „LRC company is continuously working on collecting, processing and distributing business information, primarily on financial indicators of domestic and regional companies. Those information are the foundation of the Reliability 2017 project, as it is an objective, professional and independent framework for solvency ratings. Our desire and goal is to provide this inspiration and motivation to all enterpreneurs through this project,” said LRC Executive Director, Emil Kučuković. An interesting fact

mentioned at the conference is that out of 31,554 companies covered by the analysis, 13.5 % are reliable companies and also the fact that the total income of reliable and trustworthy companies in BiH in 2016 was incredible 15,4 billion KM. Based on this year's LRC analysis, prestigious acknowledgments were also received by companies from the Foreign Investors Council: Nsoft, Cement Factory Kakanj and McCann.

FIPA awarded the most important investors in BiH

A This year FIPA Agency organized a manifestation entitled Selection of the Most Important Investor in BiH. The event was held on 13 December 2017 in Sarajevo. This year, companies from different branches of industry were awarded: Austronet (Kozarac), Boxmark Leather (Lukavac), Cement Factory Lukavac, Lattonedil BiH (Gradiška), Malak Group (Sarajevo), Mann + Hummel BA Factory Filters (Tešanj), Nelt (East Sarajevo), Rama-Tex (Prozor-Rama), Standard (Prnjavor), Steelmin BH (Jajce), Sunnnyland (East Sarajevo), Tarčin International Development Company (Sarajevo), Zeraa Agriculture Investment (Sarajevo). As stated at the ceremony, the presence of foreign investors in the country sends a message to other foreign investors that BiH is a country where foreign capital is safe and viable. *"The award we have received means a lot, it is a confirmation and acknowledgment of the success of our investment and operations so far. We have just completed the third investment phase worth 20 million KM that we started in 2013. Investments were focused on a very*



important project: the use of alternative fuels contributing to a safe, efficient and environmentally friendly process of cement production, and this investment will also end the third postprivatization investment cycle, as well as show that BiH is a good place to invest and that joint efforts can create further progress and development of Bosnia and Herzegovina," said Daniel Maschtovski, financial director of Lukavac Cement Factory.

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In the first nine months of 2017, 630 million KM of foreign investment was realized in BiH

According to the recently published preliminary data of the Central Bank of Bosnia and Herzegovina on foreign investments in the first nine months of 2017, the inflow of investments reached BAM 630.8 million, an increase of 60.6% over the same period last year. This is a record amount of foreign investments in the last few years. Growth is also expected for the Q4 of 2017, according to the positive trends and growth of investments in the first three quarters of the year. *"Since we carried out the wide range of promotional activities in 2017, we emphasize the fact that FIPA owns 7,000 contacts of foreign investors with whom FIPA is in permanent contact. FIPA's entry into the WAIPA (World Association of Investment Promotion Agencies) Board, means better access to foreign investors and a more significant promotion of the country at all events hosted by WAIPA,"* stated FIPA. They also added that the increase in foreign investments is a result of improved business opportunities in the country and the joint work of the competent institutions in BiH to attract foreign investment, promote investment opportunities and support foreign investors in BiH.

Foreign Investors Council and MarketMakers signed a Memorandum of Understanding (MoU)

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Foreign Investors Council and MarketMakers project formalized partnership by signing MoU with the aim of promoting Bosnia and Herzegovina as a Business Process Outsourcing (BPO) destination. MarketMakers is a project funded by the Swiss government with the intent to stimulate private sector growth at selected markets leading to the creation of new jobs for young women and men. The purpose of this MoU is to raise awareness of outsourcing to BiH and the country's outsourcing potential, encourage creation of new jobs for young people

in BPO sector, and reduce the risks associated with outsourcing decision-making by improving decision-relevant data and information. The overall purpose of these activities is to encourage companies from Western Europe to select BiH as an outsourcing destination as a part of their company growth strategies. This objective will support MarketMakers overarching goal to create jobs for young women and men in Bosnia and Herzegovina.

Meeting with World Bank representatives

In Sarajevo on October 30, 2017 was held a meeting between representatives of the FIC and the World Bank delegation headed by the Director of General Practice for Trade and Competitiveness Cecile Fruman. The visit of officials of this world financial institution aims to meet with representatives of BiH institutions and entities, business organizations and non-governmental sector to discuss key issues in creating a favorable business environment, opportunities for job creation, and how current World Bank Group future programs can improve these processes and contribute to the removal of existing obstacles. At the meeting, it was jointly stated that it is necessary to significantly accelerate the change of legal regulations to improve the business environment with a special emphasis on the rule of law and the creation of legal certainty for foreign and domestic business entities. A special part of the discussion was devoted to the review of the business climate and cooperation of FIC with authorities at all government levels, institutions and other partners. The meeting was attended by Director of FIC, Sanja Miović and member of FIC BoD, Edin Hrnjica.

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Banja Luka: U.S. Business Forum for Promotion and Networking

The U.S. Embassy to Bosnia and Herzegovina and the American Chamber of Commerce (AmCham BiH) organized today the conference “U.S. Business Promotion and Networking Forum” in Banjaluka, where they talked about strengthening further cooperation and investments in BiH. Ambassador of the United States of America to Bosnia and Herzegovina Maureen Cormack pointed out that US investments had a significant impact in BiH and made every effort to attract more investors. Although U.S. firms have invested about \$ 250 million in BiH so far, they complain that they are faced with many barriers, such as corruption, non-transparent public procurement procedures and unpredictable fees. *“The U.S. government wants to help investors and exporters to capitalize on the potential of Bosnia and Herzegovina. About \$ 200 million has been invested by a major investor over the past three years – KKR, based in the United States, which is as authentic as the owner of Telemach”,* Cormack said. Mayor of Banja Luka, Igor Radojicic, in his speech, emphasized that Banjaluka is an open city for investors, and that the conference is a good sign and a great opportunity for its economic development. He especially thanked USAID and the U.S. Embassy for helping to implement numerous projects. Particularly important, Radojicic points out, motivates young people to stay in Banjaluka and develop their business ideas here, especially in the IT sector.



FIC participated at the International Conference on Regional Market, Statistics Development and Investment Opportunities



Representatives of FIC headed by executive director Sanja Miović participated at the International Conference on Regional Market, Statistics Development and Investment Opportunities, which was held from 6-8 November 2017 in Sarajevo. This is one of the most important conferences in the region that supports the cooperation of government institutions, international organizations, business sector, academic community and non-governmental organizations with an aim to create a better business environment, market development and competitiveness, as well as joint planning and realization of regional projects. The conference affirms

the possibilities of regional investment, promotes the significance of statistics, information technology, development of industry and capital markets. The FIC leader presented the results of the Business Barometer research and presented the FIC recommendations regarding the improvement of the business environment in BiH and measures to strengthen regional cooperation.

Meeting with Economic Counsellors from EU Member States' embassies

FIC executive director, Sanja Miović and FIC BoD member Edin Hrnjica were participants at the meeting with Economic and Commercial Counsellors from EU Member States' embassies, which was held on 13 December 2017 in Sarajevo. Representatives of the FIC were invited at the meeting by head of the political and economic section of the EU Delegation to BiH, Mr. Jan Snidauf, who chairs the panel of all Economic and Commercial Counsellors from EU Member States' embassies. At the meeting, FIC executive director introduce attendees with the work and activities of the Council, while in the second part of the meeting they discussed the problem of gray economy in BiH, whose rate is one of the largest in Europe, as evidenced by the recently published study. The participants also talked about other economic issues of relevance to foreign investors in BiH.

FIC NEWS

Meeting with European Commission representatives

On 7 December 2017, the European Commission Delegation (DG NEAR and DG Employment) was in Sarajevo as part of a preliminary assessment of the 2017 Economic Reform Program of Bosnia and Herzegovina. In May 2017 European Commission delivered revised guidelines for the preparation of the Economic Reform Program to candidate countries and potential candidates for EU membership and invited these countries to submit programs by 31 January 2018. This assessment process will be repeated every year, so the assessment will guide the preparation of policy guidelines and regular policy implementation considerations. The aim is to ensure that the knowledge gained during the one-year process is directly involved in the next process, in order to achieve a continuous improvement of economic policy. As part of this mission, representatives of the European Commission held a meeting with representatives of the Foreign Investors Council, Sanja Miović, FIC executive director, Nedžida Salihović Whalen, FIC BoD member and Emir Ibišević, Senior Manager at Deloitte BiH, discussing the program of economic reforms, its preparation process and the document itself, as well as other relevant issues such as business climate, labor market and business barriers.

Foreign Investors Council donated new-year presents for children of the Roma population

Foreign Investors Council through cooperation with the Roma Association "Braća romi", donated new year presents for 80 children from socially vulnerable Roma families supported by this Association. The Association "Braća romi", headquartered in Sarajevo, was founded in 1994 with the aim of helping socially vulnerable Roma families. Currently, the association has 110 members and helping about 500 Roma families. *"We are very grateful to the Foreign Investors Council for this gesture and understanding they have towards the most vulnerable population in BiH, children of Roma origin. At present, we have 40 members who are in a very difficult financial and material situation and they are in need of food, clothing and hygiene. Given that the Association does not have a permanent source of income, unfortunately it is not able to help everyone,"* said Ćazim Abazi, President of the Association "Braća romi".



FIC NEWS

FIC hosted a delegation of French investors from Serbia

French-Serbian Chamber of Commerce on October 23-24, 2017, organized a visit to Sarajevo of French investors delegation which operating in the territory of the Republic of Serbia, with the aim to find out more about economic and investment opportunities in Bosnia and Herzegovina. In the role of hosts FIC representatives led by executive director Sanja Miović, presented FIC activities and then discussed with French colleagues about investment opportunities in BiH as well as the general business climate, focusing on advantages and opportunities that BiH has in comparison with other countries. The guests were particularly interested to learn about opportunities in transport, infrastructure, waste management and energy sectors. The meeting was attended by representatives of the following French companies: Egis, Terre Armee, Veolia, Suez, Tractebel Engie and Schneider Electric.

FIC PRESENTS...

Steelmin Limited



Steelmin is a producer of strategic alloys used in the metals and chemical industries. Production is based in central Bosnia and Herzegovina with a capacity of 50,000 tonnes per annum of high quality silicon metal and ferrosilicon. Silicon and ferroalloys are classified by the EU as strategic raw materials due to their use in the aerospace, automotive, electronics and renewable energy sectors. Steelmin is located in Jajce, in central Bosnia, 104 kilometres north west of Sarajevo and is well positioned to serve key European markets. The smelter is situated close to high purity

quartz deposits and abundant and economical hydro-generated power, both crucial factors for commercially successful ferrosilicon and silicon steels. Steelmin benefits from a highly skilled local Bosnian workforce and team of technical managers, all of whom are experienced in ferroalloy production. The site of Steelmin's facility was originally founded by Wacker Chemie in 1897. It became part of Elektrobosna and was one of the former Yugoslavia's largest exporters. Steelmin acts with integrity and responsibility in all its relationships with employees, clients and suppliers, and also within the communities in which it operates, through a commitment to local support and development. Steelmin is committed to achieving the highest standards of safety and environmental conduct, producing materials that help its customers minimise negative environmental impact, and complying with all EU standards. Steelmin has two key sustainability aims:

1. To play a fundamental role in the green economy's supply chain. Steelmin services both the solar and recycling industries, which are vitally important in addressing the ongoing challenges of climate change, waste reduction and limiting pollution.
2. A commitment to measuring and minimizing the environmental footprint associated with its own manufacturing operations.

Via Media



Via Media is a full service Communications Agency established in Bosnia and Herzegovina 20 years ago. By founding the agency on February 9th, 1997 we became pioneers of a new generation that played a role in the development of Bosnia

and Herzegovina's communications market. To date Via Media is one of the leading agencies for Integrated Marketing Communications in Bosnia and Herzegovina. Its services include: market research; strategic planning; branding; creative strategy and design development; media strategy; media planning and buying; social media marketing; advertising; audio and video production; web development; event management; promotions; PR; media training services; educational workshops; creating cultural content and shows; book publishing; exhibition organization; supporting young artists through various educational programs, etc. Via Media's offices are located

FIC PRESENTS...

in its company-owned building in Sarajevo. Its offices include an in-house audio and video production studio. Our Strategy, PR and Creative teams have worked on a variety of campaigns that serve to educate and inform its audience. Besides, our Event team possess extensive experience in organization and technical management of conferences, seminars, round tables, trainings, negotiations, donor meetings, forums, Steering Committee meetings, visits of official delegations and other events and activities including from 15 to 300 participants. We are especially proud of public outreach campaigns such as "The Time Capsule" and "The public procurement museum" that moved the young and the general public even generating coverage by international media such as The Guardian, Euronews, Reuters, Al Jazeera etc. Our campaign "The Museum of Public Procurement" (client: USAID) was awarded with the Golden Sempier 2016 in the category "Innovative use of a communication channel". This is, the first such award and the highest award for a creative agency in B&H so far.

Assignment of Agency

Via Media key's strengths event management capacities are highly experienced and skilled professionals in the field of event management with an extensive experience in organization of large number of public events (e.g. conferences, high level meetings), or technical or expert meetings (e.g seminars, trainings), promotional events and workshops. Via Media's key strengths and capacities for successful organization of the proposed events include:

- Strong experience in providing same or similar services. More than 200 conferences, seminars, trainings in the past three years.
- Significant experience and knowledge of working on large scale events.
- Proven commitment to provide high-quality technical and logistical support to various kinds of events such as large-scale conferences, trainings, round tables, workshops and promotional events.
- An event management department that includes highly qualified and experienced key experts, all of who combine a strong knowledge and extensive experience of the subject areas to be covered.
- Strong experience in organization of different transportation services within the project or special service.
- The Agency has significant experience in organizing catering within the project or as a separate event.

Mission Statement

We will distinguish ourselves in the event management market by creating and managing outstanding events that exceed customer's expectations in terms of value, service and innovation. A relationship driven business, we strive to improve the quality of our relationships by adhering to the concept "it's who you know".

- Commitment to Customer Service: We believe communication is key; we endeavor to ensure our clients are well informed and receive regular updates. Clear, concise and friendly communication is vital.
- Building Relationships: Via Media is a business built on the value of strong networks. We endeavor to continually grow our industry connections, ensuring our clients are offered cost effective, quality services.
- Creativity: Our 'out of the box approach' allows for a different way of thinking and ultimately a unique experience for those attending events managed by Via Media.
- Integrity: All work will be completed in an ethical and honest manner. The reputation of our business and clients is of utmost importance.
- Attention to detail: Our systems and processes have been created to ensure a professional service, meeting the highest standard of work every time.

DDC Multilingual Services



DDC MLS have over 30 years' experience in Global BPO, and have access to a workforce of thousands that speak over 40 languages. DDC MLS brings together a balanced blend of people, technology and location to offer business outsourcing solutions that are smart, flexible, agile and innovative. We approach each opportunity without preconceived views, knowing that the optimum solution will

be unique to their needs. This specialist approach requires the skills and experience of experts in business process outsourcing who, through a fully consultative approach, can translate each set of requirements into solutions that deliver tangible and measurable benefits. Building the right relationships and working hard for our clients goes hand in hand, not just at the beginning but throughout the relationship, as we recognise requirements

FIC PRESENTS...

change and there is often a need to evolve the service. DDC MLS brings together extensive experience from across The DDC Group. The company has seen fast growth servicing a variety of clients in many industries. We are part of The DDC Group; a global multi-million dollar BPO and KPO company. We pride ourselves on relieving our clients' business headaches and exceeding expectations. Our unique position allows us to not only improve our clients' lives, but also that of the wider community, something we take great pride in across The DDC Group. We are proud of our reputation within the market as a leader in multilingual business processing solutions. Our management team possesses a wealth of experience, which is applied in an intuitive and collaborative manner. These two elements combined are what make DDC MLS, the award-winning company we are.

SEEBA



SEEBA is a consulting company in Stockholm that provides services in the field of business and digital strategies. SEEBA supports its customers to develop sustainable business models and streamline business processes based on experience, knowledge and by adoption of digital tools. SEEBA performs

sales and business consulting services, and delivers digital tools to support the set strategies. Clients include companies and organizations from the public and private sectors, from local municipalities and government agencies to small and medium enterprises. SEEBA is acting as a business partner, who provides a complete support to business leaders in the digital transformation journey. This includes business development, entrepreneurial training, innovation fostering and investor management. SEEBA is co-founder of the Restart project that is being implemented jointly with BAFA - Bosnian American Friendship Association. Restart acts as a social business and operates as a business embassy for the diaspora organisations and foreign companies. We handle business requests as well as facilitate foreign investments, by leveraging our network and their contacts around the world.

Jami



The company Jami d.o.o. was established in April 2005. Jami doo is specialised in the production, wholesale and retail of food products .The seat of the company is located in Sarajevo, while the plant is located in Kreševo, the municipality of Tešanj. Jami d.o.o. is a company specialised in the production of traditional ready meals and semi-ready meals, as well as in the production of bakery products and frozen dough and more specifically puff pastry and filo pastry based on traditional local know-how. Jami products are carefully made in Bosnia and Herzegovina only with selected ingredients and recipes. Our burek, as

well as our dough and filo pastry, are known throughout the Balkans, as always traditionally tasty and fresh products. The company Jami d.o.o. is particularly committed in the safety of its products, and has thereby successfully implemented a quality and product safety management system based on the ISO 9001: 2000 and HACCP principles giving our customers an additional guarantee on the quality and health of products. With very intense work, quality and professional staff, the company Jami d.o.o. succeeded in familiarising the Bosnian market with a new range of frozen products and became a recognisable brand on the market in a very short period of time. Accordingly, we have achieved the position of leaders in market of Bosnia Herzegovina, and with our fast growing exports in neighbouring countries, we became one of the most significant regional companies. Further details on Jami products available on the market may be found on our website, as well as informations on our new range of products

FIC PRESENTS...

Ministry of Programming



**ministry of
programming**

Building powerful Startups

Ministry of Programming builds world class StartUps and has developed search engines, social networks, trading systems and disease detection software thanks to a great team of professionals. Our cultural values are powered by a happiness

first approach, people there default to positiveness and openness. We are fun and we believe in the importance of it. We are innovative, inspire others and strive to change the world around us.

MEMBER'S STORIES

McCann's Agency Project "Dyslexia is Not Illness but Diversity" in top 25 projects in the region

At the 10th Weekend Media Festival in Rovinj, held in September 2017, within the sixth edition of BalCannes, a show of the best regional agencies for marketing communications, McCann Sarajevo, a member of I&F McCann Group, achieved significant success with the project "Dyslexia is Not Illness but Diversity", which has come to the top 25 projects of the region. The campaign, which last October marked Dyslexia International Week and Dyslexia International Day in BiH, with which McCann Sarajevo managed to awaken big public and media interest for recognizing dyslexia as a learning disability and adequate treatment and education of dyslexic children, was in competition among 120 projects from 55 agencies. According to the evaluation of the 25-member jury, the project "Dyslexia is not a disease, but diversity", won a good rating according to these criteria: the originality of the creative idea, the quality of performance and the success achieved on the market.



Messer celebrated 20 years of successful business in BiH



**Messer – 20 godina uspješnog
poslovanja u Bosni i Hercegovini**

The world's largest gas-producer company managed by Messer Group on October 5, 2017, celebrated the 20th anniversary of its successful business in Bosnia and Herzegovina. Beside Mostar Company – Mostar Plin, Messer BiH also includes Messer BH Gas and Messer Tehnoplina company, which deal with generation, distribution and distribution of gases. The main plants are located in Zenica (Oxygen) and in Sočkovac (CO2). In these twenty years, Messer has employed more than 100 workers, invested in construction, infrastructure and logistics over 100 million KM, built several distribution centers and filling stations, thus improving the business environment in BiH and remaining consistent with its investment strategy - today to

a better tomorrow. This was confirmed in statement of the company owner Mr. Stefan Messer who attended celebration. "Here in Bosnia and Herzegovina we are certainly among the first foreign companies that have decided to unite their modern technology and infrastructure with domestic minds and human resources. Such a policy proved that we were right and that is why we are here today - in Sarajevo, the capital of BiH, our center where a successful business strategy is being developed. And we are planning to stay for a long time," Messer

MEMBER'S STORIES

said. This company is among the first foreign investors who came to post-war BiH and developed their business but also developed the country's economy. Messer was several times declared as the largest foreign investor by FIPA, General Director of Messer BiH, Valentin Ilievski was awarded for the best manager and this company was listed among the most desirable employers. *"Twenty years is the best part of a man's active working life. This most fertile part of our lives was built by Messer in the economy and industrial development of Bosnia and Herzegovina. We think it makes sense to make valuable results here. And we managed to show that nothing is impossible with desire, work, persistence, good intentions and vision. We were expanding from Mostar in the south to Bihać in the north, for us, neither the entity borders were a problem but a motive",* said Valentin Ilievski, General Manager of Messer in BiH. After the formal celebration, Messer planned to open another CO2 plant in Sočkovac by the end of this year, which will launch a new filling station and distribution center within the Technological Park in Banja Luka.

NSoft among 500 fastest growing technology companies in EMEA region

Soft has once again been acknowledged for its business excellence. It hasn't been that long since NSoft claimed fifth place in Deloitte's competition of 50 fastest growing companies in Central Europe and now a new recognition has come. In the 16th year of the Deloitte Technology Fast 500™ EMEA, NSoft, as the only representative from Bosnia and Herzegovina has claimed the high 55th place. The Deloitte Technology Fast 500™ EMEA program is an objective industry ranking that recognizes the fastest-growing technology companies in Europe, the Middle East, and Africa (EMEA) during the past four years. The program is supported by the Deloitte Technology Fast 50 initiatives, which rank high-growth technology companies by location or specifically defined geographic area. Eligibility criteria for the Deloitte Technology Fast 500™ EMEA program that NSoft had to meet:

- Be in business for a minimum of four years
- Be headquartered in EMEA
- Have base-year operating revenues of 50.000€ and a current year operating revenue of at least 800.000€
- Own proprietary intellectual property or proprietary technology, sold to customers in products that contribute to a majority of the company's operating revenues.
- Owns proprietary technology that contributes to a significant portion of the company's operating revenues.
- Manufactures a technology related product.
- Devotes a significant proportion of operating revenues to research and development of technology.
- Be technology intensive, or use unique technology to solve problems

This is yet another proof that NSoft is on the right path and that its products are well recognized and accepted on the market.

Via Media at Dubai Investment Week



Although only six months have elapsed since the reopening of Via Media Dubai, this agency has been honored with an invitation to be the VIP guest of Dubai Investment Week, which is held under the direct auspices of His Majesty Sheikh Hamdan bin Mohammed bin Rashid Al Maktoum, the crown prince of Dubai. Dubai Investment Week is the largest gathering for the GCC (Gulf Cooperation Council) investment community, dedicated to identifying and promoting opportunities for growth, partnership and innovation. *"In the past period, we have been focusing on having a strong presence in the United Arab Emirates business community and building a Dubai office network, which is now giving results. Via Media Dubai is really a young agency, but what is still unbelievable to me is that with a little effort you can get to everyone all this information. This inspiring environment stimulates companies to grow, opens up new business opportunities and helps you to have a wider picture of achieving business goals. Via Media Dubai now has the capability of direct networking and insight into innovative development projects planned by 2021,"* Vesna Beganovic, the CEO and founder of Via Media said. Dubai Investment Week is organized by the investment development agency in Dubai and the program aims to provide the business community with the latest information and insight into current and new investment opportunities in key development sectors in Dubai and the region.

MEMBER'S STORIES

Grand opening of the new administrative building of the Kakanj cement factory

The administrative new building of the Kakanj cement factory was opened on October 24, 2017, with the presence of numerous invitees. On the main entrance to the new administrative building, Branimir Muidža, the general manager of the factory, welcomed the guests, and took photos with the guests in front of the most intriguing HeidelbergCement - transparent concrete product, which is the first such case in the Balkans. At the event, the promotional video of the new building was presented with general information about its value, used building technology to provide energy efficiency certification. Energy efficiency and concrete application were the guiding motives of construction. After the presentation, Branimir Muidža, General Manager of the Kakanj Cement Factory, addressed the Guests. In his speech, Muidža stressed that they waited for this 39 years and during this period produced and sold 15,403,738 tons of cement for 349,427 hours, which means that they are moving at an average speed of 1000 kg per minute or 60 tons per hour. He also said that HeidelbergCement has invested over 220 million KM in plant, while the emission of dust has decreased by 99%.



Ilija Studen wins a prestigious award of the Republic of Austria



At the celebration of the National Day of the Republic of Austria in Sarajevo, President of the STUDEN Holding Board, Mr. Ilija Studen received prestigious award from the Austrian president "Grand Decoration of Honour for Services to the Republic of Austria" as a tribute of special efforts he has invested in development of the Austria and Bosnia and Herzegovina economies, presented by Austrian ambassador in BiH, his Excellency Mr. Martin Pamer. „*The challenge of investing for the STUDEN Holding always meant investing in the development of the market and economies of the countries where our business group is present. Thanks to clear vision of development we have*

managed to have a positive influence on the market of Bosnia and Herzegovina from Vienna, where our Holding is seated, and with opening of two production companies, Edible oil factory BIMAL and Sugar refinery STUDEN-AGRANA, with 500 employees, we have established the Agro-industrial complex in Brčko, which supplies with its products, besides the domestic market, also the countries around the world,“ said the President of the STUDEN Holding Board Mr. Ilija Studen. Mr. Studen added that this award from the Republic of Austria is confirmation that with its continuous investments STUDEN Holding is making strong influence on improvement of the overall commercial environment in Bosnia and Herzegovina, and that the investment so far are an indicators of successful business, making the STUDEN Holding also the largest Austrian investor in the food industry of Bosnia and Herzegovina. The commitment of the STUDEN Holding to make Bosnia and Herzegovina the market with recognizable quality products which are exported to foreign markets will certainly continue, and the efforts for non-GMO production, and support to Austrian association Danube Soya ensures the reaching of the set goals.

MEMBER'S STORIES

ArcelorMittal celebrates historic 125 years of steelmaking in Zenica



ArcelorMittal has celebrated 125 years of steelmaking in Zenica, marking the occasion with a special event attended by more than 200 dignitaries and guests. The event, held on 2 November, was hosted by Mr Biju Nair, chief executive officer of ArcelorMittal Zenica, who was joined by senior representatives from ArcelorMittal's global management. Among the dignitaries and guests gathered for the occasion, the Prime Minister of the Federation of Bosnia & Herzegovina Fadil Novalić attended (pictured), as well as Miralem Galijašević, the Prime Minister of ZE-DO Canton, and Fuad Kasumović, Mayor of Zenica City. Commenting, Mr. Nair said: *"Thanks to its 125-year history of steelmaking, the city of Zenica has been built around steel. There are very few other steel plants in the world with such a unique history and such a long and distinguished record of overcoming enormous challenges. Through everything, the Zenica team has proved that it's good enough to overcome every challenge. Life without passion is meaningless: the Zenica team has a great passion to sustain steelmaking in this city. Historical memories give the new generation positive energy to build a new future, so we are proud to announce on this special occasion the opening of*

our renovated museum, which tells the story of steel in Zenica, all the way back to 1892." Mr. Augustine Kochuparampil, chief executive of ArcelorMittal Europe - Long Products, congratulated the city on its historic achievement on behalf of Mr Lakshmi Mittal, chairman and CEO of ArcelorMittal and reaffirmed the company's commitment to the future. *"We are proudly continuing the long industrial tradition in Zenica, and working together with you all to build a long-term, sustainable future for steelmaking here,"* he said. ArcelorMittal arrived in Zenica in 2004, and since then the company has invested more than 325 million KM (EUR166m) to restart and develop integrated production, which had been closed for many years prior to its arrival. Investments continue, focusing on environmental performance as well as production facilities.

Graz / Sparkasse Bank enables dream studies for the best students from BiH

Sparkasse Bank d.d. BiH in cooperation with its parent company Steiermaerkische Sparkasse this year launches a scholarship program for the best students of law, economics, geology and metallurgy and technical science from BiH. As part of the Best of South East program, one-year study, accommodation and pocket money for the best students are provided. *"Our wish is to enable students from our country to experience international studies at one of the oldest Austrian universities, and the Best of South East program offers students the opportunity to practice or train in one of the most modern banking institutions in Styria, Steiermaerkische Sparkasse, and get experiences that will benefit them in further professional development,"* said Lejla Mulalić, Director of Human Resources at Sparkasse Bank d.d. BiH. She added that Sparkasse Bank d.d. BiH in this way rewards successful and valuable students, given that the average rating is one of the most important selection criteria. The Austrian universities involved in this program are: University of Graz, Technical University of Graz and Montanuni Leoben. All information about the number of places, ways and deadlines of the application can be found at the website: <https://www.sparkasse.ba/bs/support/stipendija-best-of-south-east>.

MasterCard abolishing signatures for debit and credit cards

From April 2018, MasterCard users will no longer be required to sign their name when they buy something using their debit or credit card. The change comes as the company has decided to eliminate signatures over time. The company says that only 20% of North American transactions still require signature at the cash register. Removing signatures, MasterCard takes another step in its "digital evolution of payment and payment security", while at the same time providing convenience for customers. According to MasterCard research, most people believe

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that payments will be made easier, and waiting will be reduced if there is no need to sign when purchasing. For beginners, buyers mostly just type their name in the "sign here" box on the cashier. If there were no signatures there would be many prohibited transactions. MasterCard notes that its network and payment system already include other methods to prove one's identity, including using chips, tokenizations, and personalized ID numbers.

First local Sustainable Business Report of Coca-Cola HBC B-H was presented



On December 6, 2017 Coca-Cola Forum on Sustainable Business was held in Sarajevo in the presence of numerous representatives of government institutions, business and academia, NGOs and the media. The Forum presented the first Local Sustainable Business Report of Coca-Cola HBC B-H Sarajevo for 2016. The report shows the economic, environmental and social impact of Coca-Cola's daily operations, the company's value and governance model, and the link between its strategy and its commitment to a globally sustainable economy. *"The sustainability principles are our company's*

strategic priority. They are integrated in all of our business processes where we build our success. Business in accordance with the principles of sustainability enables us to be the driving force for positive change, a reliable and desirable partner who maintains natural wealth and creates added value for the company, partners and community in which we do business. Coca-Cola HBC BH generates 0.5% of GDP with its business, for the third year in a row our customers have rated us as the best supplier in the industry and 65% of the procurement budget is targeted at domestic suppliers," said Ruža Tomic-Fontana, General Director of Coca-Cola HBC for Bosnia and Herzegovina, Croatia and Slovenia, adding that the first local report was conducted with the aim of promoting sustainable business and presenting practices and achievements in the area of sustainable business operations to all interest groups. Coca-Cola HBC BH Sarajevo has so far reported on its achievements in the field of sustainability to its parent company Coca-Cola HBC, which operates in 28 countries and which was declared as a leader of sustainable business in the non-alcoholic beverage industry by Dow Jones sustainability index for the fourth time. The achievements of Coca-Cola HBC B-H Sarajevo have also contributed to this success.

PwC: Research PayWell 2018 Bosnia and Herzegovina



For the first time, the company PwC will conduct research on earnings and benefits - PayWell 2018 for the territory of Bosnia and Herzegovina. The results of this research will show the range of earnings in the BiH market for different positions and industrial sectors. In addition, the results of the research will provide a better insight into the compensation and benefits policies offered by the companies present at the market of Bosnia and Herzegovina to their employees. The PayWell research has been performing successfully over

ten years in the territory of the Republic of Serbia, as well as in other countries in the region. On this occasion, PwC will organize free presentations in Banja Luka and Sarajevo in order to provide additional information to the companies about PayWell methodology and the benefits of participation in this research, and examples of this reports and how these reports can be used. On that occasion, PwC organized a free presentations in Banja Luka and Sarajevo in December in order to introduce BH companies with PayWell methodology and benefits of participation in this research, and how these reports can be used.

MEMBER'S STORIES

BiH Presidency as the Sponsor of the 9th Sarajevo Business Forum 2018



The Presidency of Bosnia and Herzegovina (BiH), led by the Chairman Dragan Covic, is the sponsor of this year's Sarajevo Business Forum (SBF), which will be held on April 25th and 26th in the capital of BiH. The organizer of the conference, which has been held in BiH for the ninth year in a row, is Bosna Bank International (BBI) dd, in cooperation with the Islamic Development Bank (IDB). The conference will, as in previous years, bring together the most important business and political leaders from the region and also the world, providing them the opportunities to get acquainted with business opportunities and investment opportunities in BiH, and the countries of the region. The focus of this year's SBF is to jointly find solutions for exploiting potentials in the field of energy, education, IT industry, agriculture and tourism. The goal of the SBF is linking and representing the natural and human resources of the region and enabling BiH and regional companies to enter the foreign markets. Over 1.700 people attended last year's SBF, including 330 accredited journalists, and more than 300 direct meetings were held with businessmen and merchants. Since 2010, the conference has hosted more than 8.000 participants from over 50 countries, and all information is available at: www.sarajevobusinessforum.com.

TAX NEWS

The Law on Social Security Contributions in Republika Srpska

New Law on Social Security Contributions of RS (hereinafter the "Law") has been published in the „Official Gazette of Republika Srpska“ No. 114/17 from 22 December 2017. The Law regulates the system of mandatory social security contributions for financing pension and disability insurance, health insurance, insurance from unemployment and child protection in Republika Srpska (hereinafter "RS"). Primary reason for adoption of the new Law is to decrease the rate of contributions for insurance from unemployment from 1% to 0,8% and to increase the rate of contributions for child protection from 1,5% to 1,7%. The aforementioned contribution rates are changing in order to provide additional funds necessary for enforcement of the new Law on Child Protection of RS ("Official Gazette of Republika Srpska", No. 114/17) which increases the maternity benefits for unemployed mothers from 70 KM to 405 KM per month. Majority of provisions of the new Law are identical to the provisions of the previous Law, additionally the systematics of the Law have been completely amended and provisions are now more concise and clear. The new Law introduces the following amendments:

- payer of contributions from performance of entrepreneurship (independent business activity and professional business activity) have been more precisely and clearly defined in order to resolve the confusion, which occurred during the application of the previous Law;
- status of taxpayers employed in the textile, clothing, leather and leather products industry has been defined more clearly in order to prevent abuses of the privileged base for calculation of contributions;
- person who performs temporary and occasional work activity is only liable to 18,5% of contribution for pension and disability insurance, and is no longer liable for all four types of social security contributions as prescribed by the previous Law;

TAX NEWS

- person who independently carries out catering services, provides accommodation, food and beverage services in their apartment, vacation house or a rental room and are entered in the registry for performance of such activities are liable to 12% of contribution for health insurance, if they are not liable for contributions on some other basis or beneficiaries of the pension right;
- according to provisions of the new Law, person who receives income from copyright agreement is liable to 18,5% of contributions for pension and disability insurance. Previously these individuals were exempt from paying contributions if they were already insured on other basis;
- individuals who receive income from supplementary employment agreement are now only liable to 18,5% of contribution for pension and disability insurance. This amendment is an alignment with the current Labour Law of RS ("Official Gazette of Republika Srpska" No. 1/16), since the earlier Labour Law treated these individuals status as employment, while the current Labour Law treats them as individuals who perform activity without employment.

The Law on Social Security Contributions of RS entered into force on 01.01.2018.

The Rulebook on conditions and procedure for taxation by withholding tax in Republika Srpska

The new Rulebook on conditions and procedure for taxation by withholding tax in Republika Srpska (hereinafter „The Rulebook“) has been published in the "Official Gazette of Republika Srpska" no. 115/17 from 23 December 2017. The Rulebook defines the conditions and procedure for taxation by withholding tax, determines the subject of withholding tax, defines residents of Republika Srpska (hereinafter "RS"), and determines what types of income payments are subject to withholding tax. The Rulebook prescribes that withholding tax is due on the following income paid by a resident of RS to a non-resident:

- dividends and shares in profit,
- interest,
- royalties and other intellectual property rights,
- fee for entertainment, artistic and sports performances;
- fee for professional, science, technical and educational services,
- fee for insurance and reinsurance premiums from risk in RS,
- fee for telecommunications services between RS and a foreign country,
- fee for lease of movable property.

Withholding tax is also due on payment for performance off all other services made to a resident of a country that has not concluded a double tax treaty with BiH. Withholding tax is also due on any other forms of settlement, other than cash payment. Resident of RS who is paying income to a non-resident is obliged to withhold the withholding tax from the total amount of income paid to a non-resident and pay the withheld tax to a public account of RS, if not stipulated otherwise by a double tax treaty. If income paid to a non-resident, under the provisions of a double taxation treaty, is taxable only in the non-resident's country, the resident of RS is obliged to obtain a certificate of tax residence for the non-resident entity issued by a competent authority of a foreign country. The certificate can not be older than one year. If income paid to non-resident is subject to withholding tax at 10% or lower rate, in addition to the certificate of residence, the resident is obliged to submit to the Tax Authority a statement on income and income recipient. Form of this statement is published as Appendix 1 to the Rulebook. In the event of more continuous payments during a one-year period, a non-resident can provide the requested documents only once in a year, before the first income payment. The resident taxpayer is obliged to keep the above-mentioned documents in his records and to submit them to the Tax Authority together with the withholding tax return. The Rulebook has prescribed the annual withholding tax return form that the resident taxpayer is obliged to submit to the Tax Authority of RS by 31st March of the current year for the following year.

The Rulebook on conditions and the method of taxation with withholding tax came into force on 31 December 2017. Starting from that date, the Rulebook on the Conditions and the Procedure for Acquiring the Right to Exempt from Taxation ("Official Gazette of the Republika Srpska", No. 45/16 and 50/16) ceased to apply.

TAX NEWS**Instruction for Registration of Users of Electronic Services provided by the ITA**

Instructions for Registration of Users of Electronic Services have been published by the Indirect Taxation Authority (ITA) in the "Official Gazette of BiH" No. 85/17 from 1 December 2017. The Instructions prescribe the method and procedure for registration of users of electronic ITA services, determine who can be users of ITA electronic services, prescribe the rights and obligations of users of electronic ITA services, the process of changing data on e-portal and the procedure for deactivating user rights for ITA electronic services users. In accordance with the Instructions, registered taxpayers of indirect taxes are registered as users of electronic services through e-portals. Each taxpayer may have one primary user and one or more secondary users, whereby the primary user is the responsible person of the indirect taxpayer. The Instructions define the status of "large taxpayers of indirect taxes" for the period from 2018 to 2020 as:

- Taxpayers whose value added tax (sum of input and output VAT) in the period from 1.8.2016 to 31.07.2017. shall amount to KM 1.600.000,00 or more.
- The banks and insurance companies, regardless of the amount of value added tax.

For large taxpayers, ITA will register the responsible person of the taxpayer as the primary user of electronic services of ITA ex officio, no later than 1 February 2018. The ITA will send an email, to a registered e-mail address in the Unique Indirect Taxpayers System, a statement form on the acceptance of terms of use of ITA Electronic Services for large taxpayers. The user is obliged to submit a signed and certified statement within eight working days from the date of receipt of the statement form. A large taxpayer whose primary user of electronic services is not registered ex officio by ITA by 1 February 2018 shall be obliged to register its responsible person as the primary user no later than 1 January 2019. Other indirect tax payers are also required to carry out the registration of the responsible person as the primary user of the tax payer no later than 1 January 2019. ITA shall prescribe specific regulations that will regulate the electronic services that will be available on the ITA e-portal. An integral part of the ITA Instructions for Registration of Users of Electronic Services are the following forms: the PK form (Primary User Registration Application), the SK form (Secondary User Registration Application) and the Statement form on accepting the terms of use of UIO electronic services. Instructions for Registration of Users of ITA Electronic Services shall enter into force on the eighth day after its publication in the "Official Gazette of BiH".

Rulebook on Amendments of the Rulebook on Implementation of the VAT Law

Article 78 of the Rulebook, which regulates the filing of VAT returns, has been amended. The amendment introduces an obligation for taxpayers to submit VAT return electronically starting from January 2019. There is also a possibility for taxpayers to submit VAT returns electronically, even before the tax period of January 2019, if they have been registered with ITA for using ITA electronic services. This Rulebook shall enter into force on the eighth day after its publication in the "Official Gazette of BiH" and shall apply from 1 January 2018.

Rulebook on Amendments of the Rulebook on Implementation of the Excise Duties Law in Bosnia and Herzegovina

Article 34 of the Rulebook, which regulates application of excise duty, has been amended. The amendment introduces an obligation for taxpayers to submit an excise tax application electronically from January 2019. There is also a possibility for taxpayers to submit excise registration electronically, even before the tax period of January 2019, if they have been registered with ITA for using ITA electronic services. This Rulebook shall enter into force on the eighth day after its publication in the "Official Gazette of BiH" and shall apply from 1 January 2018.

Decisions issued by the Banking Agency of the FBiH

The following decisions issued by the Banking Agency of the FBiH ("Decisions") were published in the "Official Gazette of FBiH", number 90/17 on 22 November 2017:

- Decision on the Conditions and Procedure for the Issuance, Refusal of Issuance and Revocation of the Bank's Operating License;

TAX NEWS

- Decision on the Conditions and Procedure for the Issuance, Refusal of Issuance of Approvals for Selection or Appointment of Members of the Supervisory Board and the Management of the Bank and Revocation of Issued Approvals;
- Decision on the Conditions and Procedure for the Issuance, Refusal of Issuance and Revocation of Approvals for Conducting Banking Activities;
- Decision on Assessment of Fulfilment of Conditions for the Members of the Supervisory Board and the Management of the Bank;
- Decision on Bank Supervision and Actions of the Banking Agency of the FBiH;
- Decision on Procedure for Determination of Claims and Distribution of Assets and Liabilities in Liquidation of Banks;
- Decision on Fees that Factoring Companies are Paying to the Banking Agency of FBiH.

The Decisions enter into force on the eight day from their publication in the Official Gazette of FBiH.

Amendments to the Companies Act of Republika Srpska

The Act on Amendments to the Companies Act ("Act") was published in the "Official Gazette of RS", number 100/17 on 3 November 2017. The Act enters into force on 10 November 2017. The most important changes introduced by the Act are as follows:

- It is explicitly regulated that the share capital of each company type can be increased by converting creditor's receivables into company shares, without any limitations in regard to the share capital amount, in accordance with the law which regulates the restructuring and reorganizational process of the debtor in bankruptcy proceedings;
- Increase of share capital of a limited liability company, open and closed joint stock company by converting tax debt into company shares, is prohibited.

Rulebook on the Assignment of Identification Number, Registration and Identification and Records of Taxpayers Within the Territory of FBiH

The Federal Ministry of Finance adopted a new Rulebook on the Assignment of Identification Number, Registration and Identification and Records of Taxpayers Within the Territory of FBiH ("Rulebook") that was published in the Official Gazette of FBiH, no. 69/17 on 13 September 2017. The Rulebook entered into force on 14 September 2017 and shall commence to apply as of 1 October 2017. As of the day of commencement of application of the Rulebook, the act, which has previously regulated the concerned matter – the Rulebook on the Assignment of Identification Number and Tax Registration of Taxpayers on the FBiH Territory ("Official Gazette of FBiH", no. 39/02, 1/03, 11/04, 2/10, 83/10, 66/11 and 104/14), will cease to apply. Some of the new issues introduced by the Rulebook are follows:

- New official forms, including the Application for Assignment of ID Number for Business Units (form PI-505)
- Procedure on the ID number assignment is described in detail, separately for each type of entity which is obliged to obtain the tax ID number
- Tax Authority is obliged to initiate the procedure on tax registration ex officio in case the taxpayer does not submit appropriate application
- Documentation which shall be submitted to the Tax Authority is exhaustively listed, separately for each case of registration (including the case of tax registration of foreign legal entity's branch office)
- Tax Authority is obliged to issue the Certificate on Tax Registration within 5 days upon receipt of requested documentation
- In case when the company changes its registered headquarter from Republika Srpska or Brčko Distrikt BiH to FBiH – the company's tax ID shall remain the same
- Tax identification procedure, i.e. the procedure on tax ID number assignment to a taxpayer, only for purposes of reporting and payment of public revenues, is introduced
- The Tax Authority is obliged to create a record on bank accounts of non-resident legal entities and individuals, whilst banks are obliged to notify the Tax Authority on (de)activation of non-resident bank account.

ADOPTED LEGISLATION

BOSNIA AND HERZEGOVINA

PARLIAMENTARY ASSEMBLY OF BOSNIA AND HERZEGOVINA

- Law on Amendments to the Law on Administration (Official Gazette of BiH, No: 72/18)
- Law on Amendments to the Law on the Basis of Traffic Safety in BiH (Official Gazette of BiH, No: 89/18)
- Law on Amendments to the Excise Law in Bosnia and Herzegovina (Official Gazette of BiH, No: 91/18)
- Law on Amendments to the Law on Payments to the Single Account and the Distribution of Revenues (Official Gazette of BiH, No: 91/18)
- Law on Amendments to the Law on Indirect Taxation System in BiH (Official Gazette of BiH, No: 91/18)

COUNCIL OF MINISTERS OF BOSNIA AND HERZEGOVINA

- Ordinance on Industrial Safety (Official Gazette of BiH, No: 55/18)
- Decision on the amount of import tariff quotas of raw sugar in 2017 (Official Gazette of BiH, No: 62/18)
- Ordinance on Amendments to the Ordinance on official controls to verify compliance with the provisions of the Food, Animal Food Regulations and Animal Health and Welfare Regulations (Official Gazette of BiH, No: 62/18)
- Ordinance on determination of sampling methods and performance criteria for analytical methods for official control of acid level in food (Official Gazette of BiH, No: 62/18)
- Ordinance on Amendments to the Ordinance on Healthy Drinking Water (Official Gazette of BiH, No: 62/18)
- Ordinance on Amendments to the Ordinance on Sampling Methods and Analysis for Official Control of Amounts of Mycotoxins in Food (Official Gazette of BiH, No: 62/18)
- Ordinance on sampling methods and analytical methods for controlling the amount of dioxins, dioxins of similar PCBs and PCBs that are not similar to dioxin in a particular food (Official Gazette of BiH, No: 62/18)
- Ordinance on plastic materials and articles intended for contact with food (Official Gazette of BiH, No: 66/18)
- Decision on Amendments to the Decision on Visas (Official Gazette of BiH, No: 73/18)
- Decision on determining the annual quota of work permits for the employment of foreigners in Bosnia and Herzegovina for 2018 (Official Gazette of BiH, No: 84/18)
- Decision on minimum amount of funds required to serve a foreigner during his intended stay in Bosnia and Herzegovina (Official Gazette of BiH, No: 91/18)

MINISTRY OF COMMUNICATIONS AND TRANSPORT OF BOSNIA AND HERZEGOVINA

- Rulebook on CEMT Licenses (Official Gazette of BiH, No: 52/18)
- Ordinance on Amendments to the Rulebook on the Transmission of Mobile Worker Data and Record Management (Official Gazette of BiH, No: 59/18)

MINISTRY OF FOREIGN TRADE AND ECONOMIC RELATIONS OF BOSNIA AND HERZEGOVINA

- Instructions for distribution of employment detainees for employees of Bosnian-Herzegovinian companies in Germany for 2017./2018.

FOOD SAFETY AGENCY OF BOSNIA AND HERZEGOVINA

- A list of recognized natural mineral waters and natural spring waters in Bosnia and Herzegovina (Official Gazette of BiH, No: 72/18)

COMMUNICATIONS REGULATORY AGENCY OF BOSNIA AND HERZEGOVINA

- Rulebook on Amendments to Rulebook 68/2013 on the Activities of the Provider of Fixed Public Telephone Services (Official Gazette of BiH, No: 52/18)
- Decision on the amount of the annual license fee for telecommunications activities and the value of points for calculating telecommunications license fees (Official Gazette of BiH, No: 85/18)

STATE ELECTRICITY REGULATORY COMMISSION – SERC

- Decision on Establishing Regulatory Compensation for 2018 (Official Gazette of BiH, No: 73/18)
- Ordinance on Amendments to the Rulebook on Connection (Official Gazette of BiH, No: 83/18)

ADOPTED LEGISLATION

INDIRECT TAXATION AUTHORITY OF BOSNIA AND HERZEGOVINA - ITA

- Guidance on Amendments to the Simplified Customs Procedures Manual (Official Gazette of Bosnia and Herzegovina, No. 77/18)
- Decision on Determination of Large Indebted Taxpayers (Official Gazette of BiH, No. 84/18)
- Decision on Determination of Specific and Minimum Excise on Cigarettes and Tobacco for 2018 (Official Gazette of BiH, No. 84/18)
- Decision on the 2018 quantities of diesel fuel that are toll-free (Official Gazette of BiH, No. 84/18)
- Ordinance amending the Rulebook on Application of the Law on VAT (Official Gazette of BiH, No. 85/18)
- Ordinance on Amendments to the Ordinance on the Application of the Excise Law in BiH (Official Gazette of BiH, No. 85/18)
- Instructions on registration of users of ITA electronic services (Official Gazette of BiH, No. 85/18)
- Customs Inquiries in International Air Transport (Official Gazette of BiH, No. 85/18)
- Guidelines on Amendments to the Customs Procedures Guidelines for Passenger Traffic (Official Gazette of BiH, No. 88/18)
- Decision on the amount of compensatory interest rate for the period from 1 January 2018 to 30 June 2018 (Official Gazette of BiH, No. 91/18)

FEDERATION OF BOSNIA AND HERZEGOVINA

PARLIAMENT OF THE FEDERATION OF BOSNIA AND HERZEGOVINA

- Law on the Banking Agency of the Federation of Bosnia and Herzegovina (Official Gazette of FBiH, No. 75/18)
- Law on Amendments to the Law on Internal Trade (Official Gazette of FBiH, No. 79/18)
- Law on Amendments to the Waste Management Law (Official Gazette of FBiH, No. 92/18)
- Law on Amendments to the Law on Federal Administrative Fees and Charges of Federal Administrative Taxes (Official Gazette of FBiH, No. 98/18)

GOVERNMENT OF THE FEDERATION OF BOSNIA AND HERZEGOVINA

- Regulation on Financial Consolidation of Companies in the Federation of Bosnia and Herzegovina (Official Gazette of FBiH, No. 74/18)

FEDERAL MINISTRY OF JUSTICE

- Ordinance on Amendments to the Ordinance on Compulsory Insurance of Court Experts (Official Gazette of FBiH, No. 52/18)
- Ordinance on Amendments to the Ordinance on the Technical Use of the Main Electronic Register for the Registration of Business Entities in the Federation of Bosnia and Herzegovina (Official Gazette of FBiH, No. 55/18)
- Ordinance on the amount of rewards and reimbursement of notary expenses in the forensic procedure (Official Gazette of FBiH, No. 57/18)

FEDERAL MINISTRY OF FINANCE

- Ordinance on Amendments to the Ordinance on the Method of Paying Budget Revenues and Extra-budgetary Funds in the Federation of Bosnia and Herzegovina (Official Gazette of FBiH, No. 67/18)
- Ordinance on Identification Number Allocation, Registration and Identification and Registers of Taxpayers in the Federation of Bosnia and Herzegovina (Official Gazette of FBiH, No. 69/18)
- Ordinance on Amendments to the Ordinance on Obligatory Collection of Taxes (Official Gazette of FBiH, No. 69/18)
- Ordinance on Amendments to the Ordinance on the Application of the Law on Profit Tax (Official Gazette of FBiH, No. 96/18)

FEDERAL MINISTRY OF ENVIRONMENT AND TOURISM

- Ordinance on Amendments to the Ordinance on Packaging Waste and Waste Management (Official Gazette of FBiH, No. 84/18)
- Ordinance on Amendments to the Ordinance on the limit values for air emissions from combustion plants (Official Gazette of FBiH, No. 92/18)

ADOPTED LEGISLATION

- Ordinance on Amendments to the Ordinance on Monitoring the Emission of Pollutants in Air (Official Gazette of FBiH, No. 97/18)

FEDERAL MINISTRY OF PHYSICAL PLANNING

- Ordinance on Amendments to the Regulations on the Requirements for Persons that Performing Conformity Assessment of Construction Products (Official Gazette of FBiH, No. 42/18)

FEDERAL MINISTRY OF TRADE

- Ordinance on Amendments to the Ordinance on the form, content and manner of keeping a trade book (Official Gazette of FBiH, No. 97/18)

FEDERAL MINISTRY OF ENERGY, MINING AND INDUSTRY

- Ordinance on Amendments to the Ordinance on the Determination of Liquid Petroleum Fuel Quality (Official Gazette FBiH, No. 58/18)
- Ordinance on the content, method of drafting the classification, categorization and calculation of stocks of solid mineral raw materials and groundwater, appointment, composition and work of the expert commission for the audit of the elaboration (Official Gazette of FBiH, No. 85/18)

SECURITIES COMMISSION OF THE FEDERATION OF BOSNIA AND HERZEGOVINA

- Decision on Amendments to the Charge Fee Decision (Official Gazette of FBiH, No. 54/18)
- Rulebook on Conditions and Procedure for Issuing a License for Establishment, Membership and Acquisition of Shares in Asset Management Companies (Official Gazette FBiH, No. 54/18)
- Rulebook on Conditions and Procedure for Issuing Approval for Membership in the Management and Supervisory Board of an Asset Management Company or a Closed Investment Fund (Official Gazette of FBiH, No. 54/18)

REGULATORY COMMISSION FOR ENERGY OF THE FEDERATION OF BOSNIA AND HERZEGOVINA - FERK

- Ordinance on Amendments to the Rulebook on Methodology and the Method of Calculating Regulatory Fees for Licensees (Official Gazette of FBiH, No. 59/18)

FINANCIAL INFORMATION AGENCY - FIA

- Decision on Amendments to the Decision on Fees for FIA Services (Official Gazette of FBiH, No. 56/18)

SARAJEVO STOCK EXCHANGE (SASE)

- Rulebook on Amendments to the Rulebook of the Sarajevo Stock Exchange (Official Gazette of FBiH, No. 70/18)

ENVIRONMENTAL PROTECTION FUND OF THE FEDERATION OF BOSNIA AND HERZEGOVINA

- Ordinance on allocation of funds from the Revolving Fund for Water Protection and Waste Recycling Projects (Official Gazette of FBiH, No. 99/18)

EMPLOYER'S ASSOCIATION OF FBiH

- Collective Agreement on the Rights and Obligations of Employers and Workers from Trade Sector in the Federation of Bosnia and Herzegovina (Official Gazette of FBiH, No. 54/18)

UNION OF ACCOUNTANTS, AUDITORS, AND FINANCIAL WORKERS OF FBiH

- Decision on Publication and Application of International Financial Reporting Standards (Official Gazette FBiH, No. 55/18)

BANKING AGENCY OF THE FEDERATION OF BOSNIA AND HERZEGOVINA

- Decision on business processes outsourcing in leasing companies (Official Gazette FBiH, No. 58/18)
- Decision on Amendments to the Decision on Conditions and Procedures for Issuing and Withdrawal of License for Leasing Activities (Official Gazette of FBiH, No. 58/18)

ADOPTED LEGISLATION

- Decision on Amendments to the Decision on Conditions and Procedure for Issuing and Withdrawal of Approval to the Leasing Company (Official Gazette of FBiH, No. 58/18)
- Decision on Amendments to the Decision on the Supervision of Leasing Companies (Official Gazette of FBiH, No. 58/18)
- Decision on calculation of bank capital (Official Gazette of FBiH, No. 81/18)
- Decision on Large Exposures (Official Gazette of FBiH, No. 81/18)
- Decision on the management of interest rate risk in the banking book (Official Gazette of FBiH, No. 81/18)
- Decision on Risk Management in the Bank (Official Gazette of FBiH, No. 81/18)
- Decision on the Internal Capital Adequacy Assessment Process in the Bank (Official Gazette of FBiH, No. 81/18)
- Decision on Management of Bank Liquidity Risk (Official Gazette of FBiH, No. 81/18)
- Decision on Publication of Bank Information (Official Gazette of FBiH, No. 81/18)
- Decision on the Bank's Control Functions (Official Gazette of FBiH, No. 81/18)
- Decision on External Auditing and Audit Content in the Bank (Official Gazette of FBiH, No. 81/18)
- Decision on Conditions for Issuing Proxies in the Bank (Official Gazette of FBiH, No. 81/18)
- Decision on purchase of bank placements (Official Gazette of FBiH, No. 81/18)
- Decision on Bank Recovery Plans and Banking Groups (Official Gazette of FBiH, No. 81/18)
- Decision on Requirements for a Consolidated Banking Group (Official Gazette of FBiH, No. 81/18)
- Decision on Management of Externalization in the Bank (Official Gazette of FBiH, No. 81/18)
- Decision on Exceptions to Banking Secrecy (Official Gazette of FBiH, No. 81/18)
- Decision on the records of the bank and the bank branches headquartered in Republika Srpska or Brčko District and bank representative office in the Federation of Bosnia and Herzegovina (Official Gazette of FBiH, No. 81/18)
- Decision on the Bank's Obligation to Notify FBiH Banking Agency (Official Gazette of FBiH, No. 81/18)
- Decision on bank business with persons in a special relationship with the bank (Official Gazette of FBiH, No. 81/18)
- Decision on the Uniform Method of Calculation and Presentation of Effective Interest Rate on Loans and Deposits (Official Gazette of FBiH, No. 81/18)
- Decision on conditions when a bank is considered to be insolvent (Official Gazette of FBiH, No. 81/18)
- Decision on Conscientious Treatment of Members of the Bank's Bodies (Official Gazette of FBiH, No. 81/18)
- Decision on Payment Policy and Practice for Employees in the Bank (Official Gazette of FBiH, No. 81/18)
- Decision on the Conditions and Procedure of the Bank, Microcredit Organization and Leasing Company on Customer Complaint (Official Gazette of FBiH, No. 81/18)
- Decision on Management of Information System in the Bank (Official Gazette of FBiH, No. 81/18)
- Decision on Property Claims Statement (FBiH Official Gazette, No. 81/18)
- Decision on Management of Bank Foreign Exchange Risk (Official Gazette of FBiH, No. 81/18)
- Decision on Internal Control System in the Bank (Official Gazette of FBiH, No. 81/18)
- Decision on conditions and procedure for issuing, refusal of issuance and revocation of bank license (Official Gazette of FBiH, No. 90/18)
- Decision on Conditions and Procedures for Issuing and Rejecting the Issuance of Approval for Election or Appointment of the Supervisory Board and Management of the Bank and the Abolition of Issued Approvals (Official Gazette of FBiH, No. 90/18)
- Decision on conditions and procedure for issuance, refusal of issuance and abolition of consent for conducting banking activities (Official Gazette of FBiH, No. 90/18)
- Decision on assessing the fulfillment of conditions for the members of the supervisory board and the management of the bank (Official Gazette of FBiH, No. 90/18)
- Decision on Supervision of Banks and Procedures of the Banking Agency of the Federation of Bosnia and Herzegovina (Official Gazette of FBiH, No. 90/18)
- Decision on procedure for determining claims and allocation of assets and liabilities during bank liquidation (Official Gazette of FBiH, No. 90/18)
- Decision on fees paid by the factoring company to the Banking Agency of the Federation of Bosnia and Herzegovina (Official Gazette of FBiH, No. 90/18)
- Decision on reports submitted by the bank to the Banking Agency of the Federation of Bosnia and Herzegovina (Official Gazette of FBiH, No. 103/18)

ADOPTED LEGISLATION**REPUBLIKA SRPSKA****NATIONAL ASSEMBLY OF REPUBLIKA SRPSKA**

- Law on Amendments to the Law on Profit Tax (Official Gazette RS, No. 01/18)
- Law on Termination of the Law on Special Contribution for Solidarity (Official Gazette of RS, No. 01/18)
- Decision on the Early Entry into Force of the Law on Amendments to the Profit Tax Act (Official Gazette RS, No. 01/18)
- Decision on the Early Entry into Force of the Law on Special Contribution for Solidarity (Official Gazette of RS, No. 01/18)
- Law on Banks of Republika Srpska (RS Official Gazette, No. 04/18)
- Law on Amendments to the Law on the Banking Agency of RS (RS Official Gazette, No. 04/18)
- Law on Amendments to the Market Securities Law (Official Gazette RS, No. 04/18)
- Law on Amendments to the Law on Consumer Protection in RS (Official Gazette RS, No. 18/18)
- Food Law (Official Gazette RS, No. 19/18)
- Tourism Law (RS Official Gazette, No: 45/18)
- Law on Catering Industry (Official Gazette RS, No. 45/18)
- Law on General Product Safety in Republika Srpska (RS Official Gazette, No. 46/18)
- Law on Transport in Republika Srpska Road Traffic (Official Gazette RS, No. 47/18)
- Law on the Tax System of Republika Srpska (Official Gazette RS, no: 62/18)
- Law on Amendments to the Law on Notaries (RS Official Gazette, No. 68/18)
- Law on Amendments to the Law on Geological Survey (RS Official Gazette, No. 91/18)
- Law on Amendments to the Law on Misdemeanors of Republika Srpska (Official Gazette RS, No. 100/18)
- Law on Amendments to the Company Act (Official Gazette RS, No. 100/18)
- Law on Contributions (RS Official Gazette, No. 114/18)

GOVERNMENT OF REPUBLIKA SRPSKA

- Regulation on Amendments to the Regulation on Fees to Notaries in Republika Srpska (RS Official Gazette, No. 06/18)
- Regulation on Amendments to the Decree on the Remittance and Entry of Effective Foreign Currency, Convertible Marks, Checks and Securities (Official Gazette RS, No. 46/18)
- Decree on Thermal Treatment of Waste (Official Gazette RS, No. 54/18)

MINISTRY OF FINANCE OF REPUBLIKA SRPSKA

- Ordinance on form and content of forms and tax returns on income tax (Official Gazette RS, No. 11/18)
- Ordinance on the procedure and the manner of execution of a measure prohibiting the conduct of activities due to the failure to submit the application to the Unified Registration, Control and Contribution System (RS Official Gazette, No: 29/18)
- Ordinance on amortization of fixed assets for tax purposes (Official Gazette RS, No. 96/18)
- Ordinance on the content of the report and the manner of reporting internal audit (Official Gazette RS, No. 96/18)
- Guidance on the manner and procedure for establishing and implementing the financial management and control system (RS Official Gazette, No. 99/18)
- Ordinance on Amendments to the Rule on Contingency and Content of Accounts in the Conting Framework for Investment Funds (RS Official Gazette, No. 105/18)
- Ordinance on the content of the report and the manner of reporting on the financial management and control system (RS Official Gazette, No. 112/18)
- Ordinance on Accounting, Accounting Policies and Accounting Estimates for Budget Users (Official Gazette RS, No. 115/18)
- Ordinance on Taxes and Reduction of Taxes (RS Official Gazette, No. 115/18)
- Ordinance on Amendments to the Ordinance on the Content and Form of Financial Statements for Investment Funds (Official Gazette RS, No. 115/18)

ADOPTED LEGISLATION

MINISTRY OF PHYSICAL PLANNING, CIVIL ENGINEERING AND ECOLOGY OF REPUBLIKA SRPSKA

- Ordinance on termination of the Ordinance on Waste Types and Waste Management Activities for which License Required (Official Gazette RS, No. 18/18)
- Ordinance on termination of validity of the Ordinance on the conditions for the transfer of waste management obligations from producers and sellers to the responsible person of the waste collection system (RS Official Gazette, No: 34/18)
- Ordinance on Amendments to the Ordinance on the procedure for revision and renewal of environmental permits (Official Gazette RS, No. 104/18)

MINISTRY OF INDUSTRY, ENERGY AND MINING OF REPUBLIKA SRPSKA

- Ordinance on Equipment under Pressure (Official Gazette RS, No. 22/18)
- Rulebook on Inspection of Pressure Equipment during Use (Official Gazette RS, No. 22/18)
- Ordinance on termination of application of the Rulebook on Industry (RS Official Gazette, No. 59/18)
- Order on termination of industrial sector orders (RS Official Gazette, No. 59/18)
- Ordinance on marking of crystalline glass products (RS Official Gazette, No: 69/18)

MINISTRY OF JUSTICE OF REPUBLIKA SRPSKA

- Ordinance on Code of Conduct for Bankruptcy Managers (RS Official Gazette, No: 11/18)
- Rulebook on Establishing Standards for Managing the Bankruptcy Mass (Official Gazette RS, No. 54/18)

MINISTRY OF TRANSPORT OF REPUBLIKA SRPSKA

- Guide to the provision of equipment for motor vehicles in the infrastructure sector with necessary accessories (RS Official Gazette, No: 13/18)
- Ordinance on Form, Content and Mode of Completing a Travel Order (RS Official Gazette, No. 74/18)
- Ordinance on the form for the submission of a vehicle for an extraordinary technical inspection, an act for referring a driver to an extraordinary medical examination and a certificate of exclusion of a vehicle from traffic (Official Gazette RS, No. 74/18)

COMMISSION FOR CONCESSIONS OF THE REPUBLIKA SRPSKA

- Ordinance on Amendments to the Ordinance on the procedure for granting concessions and changing the ownership structure of concessionaires (RS Official Gazette, No: 61/18)

SECURITIES COMMISSION OF THE REPUBLIKA SRPSKA

- Ordinance on Amendments to the Ordinance on the operation of the investment fund management company (Official Gazette RS, No. 24/18)
- Ordinance on Amendments to the Rulebook on Investments in Open-end Investment Funds (Official Gazette RS, No. 40/18)
- Ordinance on Amendments to the Ordinance on the Determination of the Value of Assets of an Investment Fund (Official Gazette of RS, No. 40/18)
- Ordinance on Amendments to the Ordinance on Supervision of Participants in Securities Market (Official Gazette of RS, No. 77/18)
- Ordinance on amendments to the Ordinance on the contents, deadlines and form of investment fund reports, investment fund management companies and depository banks (RS Official Gazette, No. 77/18)

CENTRAL REGISTRY OF SECURITIES BANJA LUKA

- Ordinance on Registration and Transfer of Securities (RS Official Gazette, No. 25/18)
- Decision on the amount of compensation payable for the Central Registry of Securities a.d. Banja Luka (RS Official Gazette, No. 25/18)
- Rulebook on Membership in the Central Registry of Securities a.d. Banja Luka (RS Official Gazette, No. 49/18)
- Decision on Changes and Amendments to the Decision on the amount of compensation payable for the Central Registry of Securities a.d. Banja Luka (RS Official Gazette, No. 49/18)
- Rules of Business of the Depository Bank of Investment Funds (Official Gazette of RS, No. 49/18)
- Decision on Amendments to the Rules of Business of the Bank of Depository of Investment Funds (Official Gazette RS, No. 85/18)

ADOPTED LEGISLATION

BANKING AGENCY OF THE REPUBLIKA SRPSKA

- Decision on Amendments to the Decision on Minimum Standards for Bank Capital Management and Capital Protection (Official Gazette RS, No. 21/18)
- Major Exposure Decision (Official Gazette RS, No. 89/18)
- Decision on Requirements on a Consolidated Basis for the Banking Group (Official Gazette RS, No. 89/18)
- Decision on the sale of bank placements (Official Gazette RS, No. 89/18)
- Decision on the System of Internal Control of the Bank (RS Official Gazette, No. 89/18)
- Decision on minimum standards for banking operations with persons in a special relationship with the bank (RS Official Gazette, No. 89/18)
- Decision on disclosure of information and information of banks (Official Gazette RS, No. 89/18)
- Decision on Amendments to the Decision on the Bank's Capital Calculation (RS Official Gazette, No. 114/18)
- Decision on Management of Information Systems in Banks (RS Official Gazette, No. 116/18)
- Decision on Statement of Property Status of Board Members and Supervisory Board of the Bank (RS Official Gazette, No. 116/18)
- Decision on bank and banking group recovery plans (Official Gazette RS, No. 116/18)
- Decision on External Auditing in Banks (RS Official Gazette, No. 116/18)
- Decision on Minimum Standards for Documentation of Credit Activities of Banks (Official Gazette RS, No. 116/18)
- Decision on the form and content of the reports submitted by banks to the Banking Agency of Republika Srpska (Official Gazette RS, No. 116/18)
- Decision on Reporting on the Bank's Capital Adequacy (Official Gazette RS, No. 116/18)
- Decision on the Method of Supervising Banks Supervision and Taking Supervision Measures (RS Official Gazette, No. 116/18)
- Decision on the procedure for determining claims and allocation of assets and determination and execution of bank liabilities in liquidation proceedings (Official Gazette RS, No. 116/18)
- Decision on conditions for the introduction and conduct of temporary administration in the bank (RS Official Gazette, No. 117/18)
- Decision on the Terms of Appointment and Performance of Advisers in the Bank (RS Official Gazette, No. 117/18)
- Decision on Amendments to the Decision on Minimum Standards for Credit Risk Management and Classification of Banks' Assets (Official Gazette RS, No. 117/18)
- Decision on Amendments to the Decision on Large Exposures (RS Official Gazette, No. 117/18)
- Decision on the Abolition of Decision on Reporting on Non-Custom Clients (Official Gazette RS, No. 117/18)
- Decision on the Abolition of the Decision on Minimum Conditions to be Fulfilled by Banks for Performing Internal Payment Transactions (RS Official Gazette, No. 117/18)
- Decision on the Decree on Minimum Requirements for Issuing a License for Performing Internal Payment Transactions with Banks Branched in the Federation of Bosnia and Herzegovina (Official Gazette RS, No. 117/18)

TAX ADMINISTRATION OF REPUBLIKA SRPSKA

- Decision on Amendments to the Decision on Quantities of Diesel Fuel Unavailable for 2017 (Official Gazette RS, No. 21/18)

REGULATORY COMMISSION FOR ENERGY OF REPUBLIKA SRPSKA - RERS

- Decision on the amount of guaranteed purchase prices and premiums for electricity produced from renewable sources and efficient cogeneration (RS Official Gazette, No. 39/18)
- Ordinance amending the Ordinance on issuing certificates for a production plant that produces electricity from renewable energy sources or in efficient cogeneration (Official Gazette RS, No. 112/18)

INTERMEDIARY AGENCY FOR IT AND FINANCIAL SERVICES - APIF

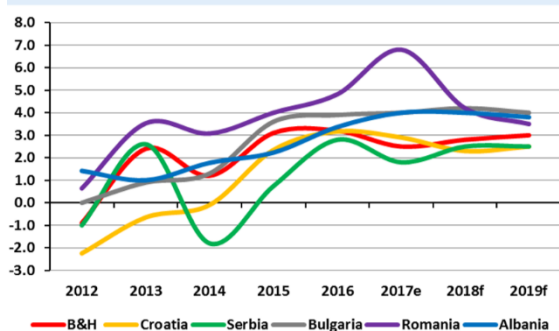
- Ordinance on the manner of receiving, the implementation of the formal, legal and logical control of the financial statements submitted to the register, as well as on the manner and deadlines for correcting the errors detected in the process of controlling the financial statements (RS Official Gazette, No. 57/18)

ECONOMIC OUTLOOK

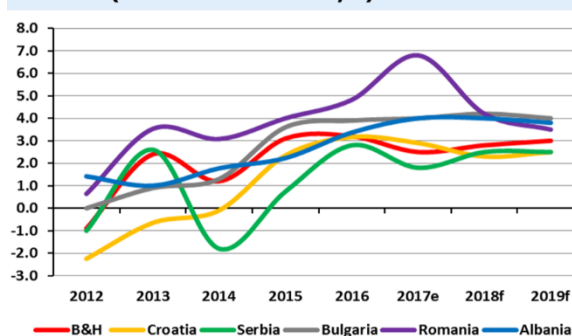
Nice start to the fourth quarter of 2017

- B&H economy made a positive start to the fourth quarter of 2017, even though the pace of growth in most of the macro categories is somewhat slower than month before:
 - Industrial production rose 3.3% in October, thus marking the 5th straight month of expansion (4.8% yoy in September 2017). Industrial output was solely driven by manufacturing (13.6% yoy), while mining and electricity supply declined by 0.8% yoy and 21.3% yoy. The cumulative reading of industrial production for 10 months has settled at 3.4% yoy, which is in line with our new target for 2017 of 3.6% yoy.
 - Exports of goods in October 2017 grew 20.5% yoy over the same month of last year, which is 4th straight month in which exports grew with pace above 20% yoy. Imports of goods went up by 15.0% yoy, thus marking the 6th month of double digit increase. Looking at the period from beginning of the year, the exports of goods increased by 18.2% yoy, and imports of goods advanced by 13.0% yoy. The trade deficit in 10 months of 2017 totaled BAM 5.87 bn (5.8% yoy) while export import coverage ratio came to 60.8% (from 58.1% in same period of 2016).
 - B&H retail sales index rose 4.7% yoy in October 2017 (2.8% yoy in September 2017), which represents 41st straight month of expansion. The October reading push the cumulative reading for the retail trade index up to 5.2% yoy.
 - The inflation was at 1.4% yoy in October 2017 (1.5% yoy in month before) which is 10th straight month of positive CPI reading. The cumulative inflation rate has settled at 1.3% yoy which is in line with our new year end target. In light of the expected oil price development, the rate should reach 1.8% yoy in 2018.
- The amendments to Law on Excise Tax on Oil and its products in a new text were adopted in the second week of December. As reminder, the Law was required and strongly pushed by the IMF, the EC and EU creditors (EBRD, EIB) who are financing the infrastructural works on highway Corridor Vc through B&H. As a result of the new legislation, one can also expect release of the second tranche by the IMF within the EFF during Q1 2018, although it is highly unrealistic to expect continuation of the Program in Election year. Additional funding in 2018 could become available from the EBRD and EIB for the Corridor Vc however substantial speeding up of public investments is not expected due to tender procedures in 2018.
- Therefore, we have brought down our forecasted real GDP growth rate by 20 bps to 2.8% yoy in 2018, expected to be driven again mostly by exports of goods and services (8% yoy), private consumption (1.7% yoy) and partially by gross fixed capital formation (8% yoy). Inflation is expected to be boosted again to more healthy levels being at 1.8% yoy on average in 2018, mostly thanks to supply side factors such as higher imported prices of oil, food and beverages and transport prices. Unemployment rate is expected to further decline to 18% mostly as a result of shrinking labor force and “brain drain” phenomena visible in past two years, rather than more distinct economic dynamics.

Real GDP (B&H and SEE country's)



Inflation (B&H and SEE country's)



ECONOMIC OUTLOOK

BOSNIA AND HERZEGOVINA	2012	2013	2014	2015	2016	2017e	2018f	2019f
Nominal GDP (EUR bn)	13.4	13.7	14.0	14.6	15.3	16.1	17.0	18.0
Real GDP (% yoy)	-0.9	2.4	1.2	3.1	3.2	2.5	2.8	3.0
GDP per capita (EUR)	3,448	3,526	3,606	3,780	3,968	4,179	4,421	4,698
GDP per capita (EUR at PPP)	6,900	7,200	7,300	7,500	7,900	8,300	8,800	9,400
Household consumption (real, % yoy)	-0.7	0.0	1.9	1.8	1.7	1.9	1.7	1.7
Gross fixed capital formation (real % yoy)	4.0	-3.0	8.2	2.9	10.8	5.8	8.0	9.5
Industrial output (% yoy)	-5.2	6.7	0.1	2.6	4.3	3.6	4.8	5.0
Producer prices (avg, % yoy)	1.3	-2.2	-0.2	0.6	-2.3	2.8	2.5	2.3
Consumer prices (avg, % yoy)	2.1	-0.1	-0.9	-1.0	-1.1	1.3	1.8	2.0
Average gross wages (LCY, % yoy)	1.5	0.1	-0.1	0.0	0.9	1.3	5.1	6.1
Unemployment rate (avg, %)	28.0	27.5	27.5	27.7	25.4	20.5	18.0	16.0
General budget balance (% of GDP)	-2.0	-2.2	-2.0	0.7	1.2	1.0	-0.5	-0.5
Public debt (% of GDP)	39.0	38.9	42.1	41.8	40.4	40.8	40.0	41.5
Trade balance (% of GDP)	-28.2	-25.4	-27.5	-24.0	-22.5	-22.4	-22.1	-21.4
Current account balance (% of GDP)	-9.1	-5.3	-7.5	-5.5	-4.4	-5.0	-5.9	-6.4
Net foreign direct investment (% of GDP)	1.9	1.4	2.6	1.4	1.6	2.2	2.7	3.3
Official FX reserves (EUR bn)	3.3	3.6	4.0	4.4	4.9	4.8	5.0	5.3
Gross foreign debt (% of GDP)	52.2	52.2	51.8	53.4	54.3	54.8	54.2	53.1
EUR / LCY (avg.)	1.96	1.96	1.96	1.96	1.96	1.96	1.96	1.96
USD / LCY (avg.)	1.52	1.47	1.47	1.76	1.77	1.72	1.63	1.53

Source: Central Bank of BiH, BiH Agency for Statistics, RBI / Raiffeisen Research

FIC MEMBERS

