



Foreign
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Council

FIC NEWS

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FIC News

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FIC

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VSI NOVOSTI

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Word of FIC President

Dear colleagues, partners, ladies and gentlemen,

It is a great pleasure to present the third edition of the Foreign Investors Council's newsletter. As before, in our semi-annual newsletter, you can find information about our activities that have marked the past period and an overview of the adopted legislation and economic indicators for the period of November 2013 - May of 2014.

By giving my review of the state of economic indicators in the second half of the 2013 I can conclude that there were no significant changes in macro-economic trends. The increased volume of industrial production and deflationary pressures in the country still do not contribute to the strengthening of domestic demand through an increase in the welfare of the population.

The real sector is still characterized by the growth of industrial production, but also by an increase of the administrative unemployment rate, which indicates that the growth in industrial production is likely a reflection of greater engagement of the existing workforce and more efficient use of available technological potential.

When it comes to financing new investment projects in the country, indicators point to a continuation trend of the deleveraging of banks and reliance on domestic sources of funding. The fact is that in recent years investment in BiH was mainly based on the reinvestment of investors already present in our country, and that potential foreign and domestic investors are losing their will when you perceive the overall situation, starting with the lack of political and legal certainty, the lack of a single economic market, the vast and inefficient administrative apparatus.

Unfortunately, in BiH there are still many obstacles and shortcomings. First of all the organization and functioning of the country is very complex, I think we are all aware of our economic and legal divisions, political and other differences, inconsistencies in



Branimir Muidža, President of FIC BiH

regulations and the application of a number of administrative procedures at various levels of government. Even when good legal solutions do exist, sometimes or often they are not implemented in practice and both foreign and local investors and entrepreneurs, but citizens also, face problems with the institutions because of their complexity and inadequate bureaucracy apparatus hinders the implementation of projects.

Also, when we talk about regulations and issues linked to them, we currently have no harmonized regulations on the territory of BiH and those regulations are not in line with legislation of the EU and neighbouring countries.

When exporting or importing of goods and services, there are frequent occasions when the institution in charge of accreditation/certification of certain products are not effective, and the biggest problem arises for exporters, or manufacturing companies, which in fact should largely maintain the development of BiH economy. On the other hand, the import of goods and services that are not properly certified in a manner that is prescribed is allowed thus endangering the domestic economy as well as the ordinary citizen as a consumer. As a country that has a negative foreign trade balance, this aspect should be especially important.

Let's not forget that BiH resources are in abundance, but to be able to realize the potentials of the BiH economy and create a positive atmosphere, it is necessary to significantly improve the efficiency of public administration and boldly go in reform.

All in all, administrative reforms, stable legal system - a state which will protect any investment through instruments of strong legal and political systems are the main obstacles that must be overcome in BiH.

In the end, our message is clear - reduce the inefficiency of public administration, facilitate the procedures for obtaining various permits, provide certificates to exporters, create the industrial zone where an investor can begin work immediately without wasting time and money, encourage reinvestment and exports - the capital will start flowing on its own.

After the reforms, which are essential to this country, only then we can expect major investments, greater investment interest and until then, however, we have to first of all ensure that existing investors are satisfied, because in fact they are the best advertisement for the potential of this country.

Again, I recommend this news edition of FIC Newsletter, which will give you a clear picture of the way the Foreign Investors Council BiH lobbied to improve the business climate.

Sincerely,

Branimir Muidža
President of FIC BiH



Foreign Investors Council formed the Committee for Labour Law

In accordance with FIC's work plan for the 2014, the FIC Board of Directors passed a decision to form a new committee within the FIC structure. Accordingly, on October 24th 2013 the constituting session of the FIC's new Committee for Labour Law was held, the structure and the concept of this Committee will be identical to the existing Committee for taxes which has been active within the Foreign Investors Council BiH for several years. At the constituting session of the Committee, the members have established a framework plan of action of the Committee which

will primarily target the following:

- Work on implementing the recommendations from the White Book 2012-13;
- Establishing a formal cooperation with the relevant institutions in the fields of labour and employment relations;
- Providing practical assistance to FIC members in overcoming the specific obstacles they face in this field;
- Distribution of relevant documents and information about the labour legislation;
- Organizing trainings and other forms of education related to changes of labour regulations

and their practical application. The first step in the work of this Committee will be establishing formal cooperation with the entity ministries of labour, namely the Federal Ministry of Labour and Social Policy and the Ministry of Labour and War Veterans and Disabled Persons' Protection of the Republic of Srpska and initiation of joint activities in the field of harmonization of entity labour regulations. Also, one of the goals implies inclusion of Committee's members into work groups for adopting and amending the labour legislation at the entity ministries. ■

Union of Associations of Employers of RS, unveiled a plan to improve the conditions of the local business climate to RS governmental officials

As part of the roundtable, entitled "Private equity in RS - status and perspectives" in Banja Luka, the employers' associations RS stated that the unstable political climate, inefficient social dialogue, demanding regulatory framework, inflexible labour laws, corruption, shadow economy and educational maladjustment systems to labour market needs substantial are the biggest obstacles to the development of the business environment in the RS. Predrag Zgonjanin, the President of the Employers Union, on this occasion, stated that the employer's RS faced a very difficult and complicated year, but in the



future they intend to participate effectively in the changing business environment. "Our goal is that as a responsible social partner and the most productive part of the community offer solutions that can significantly improve the business environment, but also to show that the RS institutions have to support the implementation of the essential and most important reform in the Republic of Srpska", said Zgonjanin. From the Union of Association of Employers acknowledge what RS Government achieved which enabled the registration of the company for only three days and the return of the Tax threshold to 200 KM. Zeljka Cvijanovic, RS Prime Minister, who attended the meeting stated: "It is very important that we have made steps to relieve the economy. Again we introduced the non-taxable portion of wages, as well as difiscalization for small



businesses, which will certainly be significant. We've done the whole range of legal solutions that accompany these measures, but I am aware that there are still many business requirements in which we operate," said Cvijanović. She added that the RS this year was not going to raise taxes, and that is the fact one of the few in the region, and added that there is institutional support for everything that runs the business community. The audience was addressed as well by Mr. Stevan Dimitrijevic, on behalf of Foreign Investors Council, who presented the issues determined by the White Book 2012-13. ■

Meeting with ITA BiH representatives

The meeting was organized in Banja Luka, on November 29, 2013 among representatives Indirect Taxation Authority (ITA) and Foreign Investment Promotion Agency (FIPA) BoD representatives.

At the meeting on behalf of FIC, was present Ms. Bojana Skrobic - Omerovic, executive director of FIC. During the meeting, discussion was directed to:

- problems related to the delay in VAT refunds, with the suggestion to facilitate the procedures and shorten deadlines for VAT refund;
- problems related to the payment of appropriate fees that are often duplicated, including taxes on temporary admission;

- issues related to VAT refunds to persons who have established operations in Bosnia and Herzegovina;
- not obliged opinions by ITA officials;
- problems of retroactive payments on the existing excise goods after an increase in excise rates;
- problems related to the calculation and payment obligations related to the customs declaration of goods.

It was pointed out that the FIC, in its annual publication "White Book" perceived problems of foreign investors in BiH, emphasizing also a problems but recommending solutions for overcoming these problems.



The above problems can be divided into non-existence of certain problems of legal regulation and problems in the application of certain laws and bylaws.

The conclusion of this meeting was that ITA will start working closer with business community trying to help to overcome all the issues facing while doing business and to help to attract more investments in order to have stable budget. ■

FIC Committee for Labour Law visited the Ministry of Labour, War Veterans and Disabled Persons' Protection of Republic of Srpska

On Tuesday, February 11, 2014 representatives of the new FIC Committee for Labour Law held a first official meeting in Banja Luka with representatives of Ministry of Labour, War Veterans and Disabled Persons' Protection of Republic of Srpska.

During the meeting, the FIC representatives presented issues tackled in the White Book 2012-13, which Ministry of Labour, War Veterans and Disabled Persons' Protection of RS has accepted and

agreed that all of mentioned issues will be solved; even so, some of them are already integrated into to the new RS Labour Law Draft. We agreed that cooperation between FIC and this Ministry should start with the organization of the panel discussion between companies and institutions entitled for labour law issues on RS and FBiH level, including harmonization of legislation among BiH entities.

Also, minister Petar Djokic, underlined that cooperation and



partnership between RS and companies is essential in order to provide better business environment and satisfied the investors. ■



The Federal Government adopted the Draft Law on Income Tax

The Federal government at the session held on 6th March 2014 defined a new Draft Law on Income Tax.

One of the reasons for passing the new law was an introduction of the new methods for determining the transfer prices which occur in transactions between associated persons, which differ from the prices which would have been achieved if transactions occurred between persons that are not associated and the prices on the market. All methods for determining transfer prices are regulated by the OECD model.

The lack of current law reflected in an unequal taxation of subsidiaries/business units of legal entities from the two entities and Brcko District BiH, so that the subsidiaries/business units of legal entities from the Republic of Srpska and Brcko District were exempt

from paying tax on income derived from the operations in the FBIH, while these benefits were not provided for the subsidiaries/business units of legal entities from the FBIH. Some provisions of the new law were amended on the basis of proposals and suggestions made by the Employers' Association, the Foreign Investors Council, Chamber of Commerce, Tax Administration of FBIH, financial institutions, IMF, IFC, during the drafting of this legislation. The new draft law provides amendments to the provisions related to exemptions for exports and new investments. Participating in consultative group at the Federal Ministry of Finance (FMF), which is responsible for the preparation of proposals for amendments to the tax and fiscal legislation in the Federation, members of the FIC unanimously demanded not to be reversed or other-

wise impair the rights related to payment of income tax for export companies and companies that invest in the production, as it defined in the current Law on Income Tax of FBIH.

We emphasize that the FIC did not support the proposals to completely abolish the existing exemptions for exports and new investment, because we are convinced that such a solution is not in accordance with the principle of unburdening the economy and creating a favourable business environment, but on the contrary, the elimination of existing exemptions to existing economic entities led in a worse position, and destimulate new investors, especially because the exemptions for investment in productive activity and new jobs are already available in the Republic of Srpska and Brcko District. ■

Conference "Economic Challenges and Opportunities in SEE"

The Ministry of Economy and Energy of the Federal Republic of Germany (BMWi) and the German Development Bank (KfW) organized the conference entitled "The Economy Challenges and Opportunities in Southeast Europe" in order to encourage companies in this part of Europe, German, and other foreign investors and to highlight economic circumstances and opportunities in Southeast Europe.

"There are sectors in which BiH can be competitive in the EU market. There are investors who are interested in investing, and there are institutions that are interested to facilitate this, however, the problem is the environment itself, legal, political, and institutional environment in which there is no progress and which prevents this process," said Renzo Daviddi, Deputy Head of the EU Delegation in BiH, adding that it is necessary

to ensure certain conditions for investors to come.

Thus, according to Daviddi and other participants of the conference, it is necessary to speed up the procedure for starting a business, for example, in Macedonia the process takes two days, and in Bosnia and Herzegovina several months. The problem is also taxation and investors interested in an easy way of hiring and firing workers, as well as the security of contracts, especially in the private sector. Helge Tolksdorf, Director of the Office for the EU Enlargement in the BMWi, pointed out that a number of German companies are interested in cooperation with companies from BiH, but it is necessary to resolve many administrative problems and ensure a reliable legal framework.

"When we talk about investment, the BiH authorities and entrepreneurs must convince investors not

to go to China or Croatia, but to come to BiH and it is the only way to attract more investment," said Tolksdorf.

German Development Bank has been active in BiH for many years, in particular, in the words of Christoph Tiskens the Director of KfW for the SEE and Turkey, in the energy sector, the private sector incentives, and investments in smaller BiH towns.

"So far we have invested about 300 million Euros to BiH and the plan is to invest around 350 million Euros in the next two to three years" said Tiskens adding that the goal of the KfW is to provide a stimulus to the energy sector and to strengthen the economy.

In capacity of panellists the President of FIC Mr. Branimir Muidža and board member of the FIC Mr. Libor Krkoška, Head of the EBRD office in Bosnia and Herzegovina addressed the audience. ■

Meeting with the representatives of the Public Procurement Agency BiH

On March 18th 2014, in the premises of the Public Procurement Agency BiH (hereinafter: "Agency") in Sarajevo the meeting between the representatives of the Agency, the Foreign Investors Council (hereinafter: "FIC"), and the Cooperation Council which operates as a part of FIC took place.

In the opening section, Mrs. Bojana Škrobić – Omerović, FIC Executive Director, who initiated the meeting, greeted the audience and expressed her gratitude to the representatives of the Agency for recognizing the importance of cooperation between the Agency and companies, and introduced the themes of the meeting.

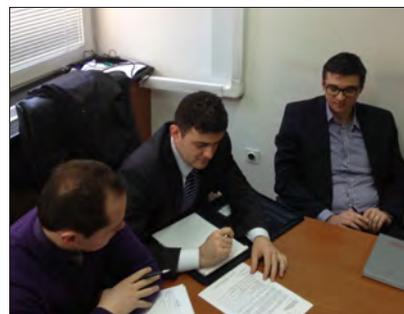
The following themes were discussed during the meeting:

- lack of transparency and complicated procedures when applying for public tenders;
- existing legal framework;
- difficulties in the process of applying for public tenders;
- the inadequacy of the criteria for selection of bidders, particularly in relation to the bidders who are foreign entities;
- increasing costs of the appeal proceedings, especially at the expense of small and medium enterprises.

A representative of the Agency Mr. Admir Ćebić stressed the con-

tinuous readiness of the Agency to cooperate with entrepreneurs as they are direct participants of the public procurement procedures, with the aim of optimal application of the Public Procurement Law in BiH (hereinafter: "PPL") and its implementing regulations. Representatives of FIC members briefly presented the problems that the bidders commonly encounter in practice which are mostly related to the implementation of the Public Procurement Law by the contracting authorities. They pointed out that some of the main problems are the insufficient definition of documentation which foreign bidders use to prove they meet the qualification requirement, unequal application of existing regulations, different interpretation of the regulations due to ignorance or lack of experience of contracting authorities, and occasionally, deliberate avoidance of the proper application of the regulations in certain cases.

When it comes to the lack of transparency of the procedure, the Agency has taken the appropriate steps with the aim of strengthening the transparency, and as the result of those steps emerged the obligation for the contracting authority to publish on their website the request to



participate in negotiation procedure, which has not been the practice so far. The Agency considers that the transparency of the procurement procedure has been further enhanced by the new law.

Mr. Ćebić also informed the audience present that the new Law on Public Procurement is already in the procedure and being read by the BiH Parliamentary Assembly and it is their opinion that the law should be adopted by May 2014. In cooperation with the Agency representatives, the FIC will take the following concrete steps in order to eliminate mentioned obstacles in the area of public procurement:

1. In cooperation with the member embassies of the FIC Council for Cooperation, FIC will write a letter of urgency and forward it to the Council of Ministers of Bosnia and Herzegovina, in order to speed up the process of opening the branch offices of the procurement review body in Mostar and Banja Luka.
2. In the coming period FIC and the Public Procurement Agency will organize a panel discussion with FIC members and the Agency where the representatives of Procurement Review Body will be invited to jointly open a dialogue on the topic of procedures and their application on the field of public procurement. The event is planned for June or September 2014. ■



Easier way of obtaining permits in BiH - E Register

Electronic register of permits (E Register) is a centralized database of administrative procedures within the competence of administrative authorities, published on the websites of administration organs and intended for general public. The formation of this type of service aims to provide citizens and businessmen with transparent insight into the implementation of administrative procedures, as well as faster and easier access to information about procedures for obtaining permits under the jurisdiction of administrative bodies.

Accessing E Register

Through an easy access to the E Register businessmen would have a complete insight into all elements of obtaining permits they are interested in: the required documents and their costs, information on how and where to obtain the necessary documents and the time frame in which the administration needs to address the request. On the same site there are also accompanying forms which the party should fill out and send along with supporting documents as a requirement for resolving the matter. The establishment of this service makes it more transparent, easier, faster, and cheaper to obtain the necessary permits, certificates, and licenses for legal entities and the public.

Efficient administration – economy relief

The efficiency of the E register is directly related to its regular updating. With the aim of strengthening the efficiency of administration, process improvement, and economic development in general, every E register should contain the latest and most precise information on permits, licenses, and certificates, including the contact details of the competent authorities. Any institution which wants to create better conditions to attract investors and accelerate economic

development of their environment, should provide that its E Register is updated with the latest information about permissions, in order not to make mistakes and slow down the process in any administrative procedure, and provide a contact person responsible for specific tasks. The practice shows that E Registers of permits are extremely well visited, there is a great interest in permits and, in order to speed up the process, regular updating is of very great importance.

Faster, easier, and cheaper

Gathering the necessary documentation is the first step in the process of obtaining any permit or starting a business. Prior to the establishment of E register days and weeks were required to gather all the necessary information, forms, and documents. All this is now available in a single place where the realization of idea is just a small trip away - to the Internet portal of administrative bodies to familiarize yourself with what you need to get the necessary permit. Mitigating circumstance is the fact that a large number of documents, the municipalities/cities need to obtain in the line of duty which shortens the time and cheapens the registration.

Creating a register and simplification of procedures at all levels of government in Bosnia and Herzegovina, in the last five years, has resulted in a 15.86 million KM of direct savings for the companies, and over 4,000 businesses benefit from the simplification of procedures in the process of starting a business, which confirms the importance of E Register for the economy and the citizens and the constant need for updates. Electronic registers of permits are the results of regulatory reforms that governments at all levels in Bosnia and Herzegovina carried out in collaboration with the International Finance Corporation (IFC), a member of the World Bank Group) and the Kingdom of Sweden. ■



WEB LINKS:

The Council Of Ministers of Bosnia and Herzegovina, Ministry of Foreign Trade and Economic Relations of Bosnia and Herzegovina

<http://rap.mvteo.gov.ba/egfVwOdlukaJedinice.aspx>

The Government of the Republic of Srpska Ministry of Economic Relations and Regional Cooperation

<http://www.regodobrenja.net/>

The Government of the Federation of Bosnia and Herzegovina

<http://www.fbihvlada.gov.ba/bosanski/ereg/index.php>

Tuzlanski Canton

<http://195.222.57.146/egfVwOdlukaJedinice.aspx>

Una-Sana Canton

<http://www.vladausk.ba/v2/IFC.php>

Zenica-Doboj Canton

<http://80.65.74.245:10080/eregistar/egfVwOdlukaJedinice.aspx>

Tuzla Municipality

<http://80.65.71.100/eregistar/egfVwOdlukaJedinice.aspx>

The City of Bijeljina

<http://sobijeljina.zapto.org:81/ifc/egfVwOdlukaJedinice.aspx>

Bosanska Krupa Municipality

<http://92.36.225.164:90/lokacija/egfVwOdlukaJedinice.aspx>

Novi Grad Municipality

<http://www.opstina-novigrad.com/>

Bihać Municipality

<http://www.bihac.org/ap.php>

The City of Banja Luka

<http://www.banjaluka.rs.ba/asbl/services/>

Novo Sarajevo Municipality

<http://www.novosarajevo.ba/stream/servis/>

Goražde Municipality

http://www.gorazde.ba/index.php?option=com_weblinks&view=categories&Itemid=95

Modriča Municipality

<http://www.modrica.ba/zahtjevi.html>

Široki Brijeg Municipality

http://www.sirokibrijeg.ba/registar_poskupaka/

Zvornik Municipality

http://www.opstina-zvornik.org/index2.php?option=com_wrapper&view=wrapper&Itemid=233

The City of Doboj

<http://opstinadoboj.no-ip.org:8050/ifc/egfVwDelatnostWeblist.aspx>

Tešanj Municipality

<http://opcina-tesanj.no-ip.biz:9333/ifc/egfVwOdlukaJedinice.aspx>

Teslić Municipality

<http://109.105.201.94/eregistar/egfVwOdlukaJedinice.aspx>

In cooperation with Karanovic/Nikolic, FIC organized a two-day panel discussion in the field of labour law legislation



In March 2014 in cooperation with Karanovic / Nikolic, FIC organized a two-day panel discussion on "The termination of the employment contract by the employer" in Teslic.

The aim of this panel was to observe the problems and dilemmas in the practical application of the laws and bylaws related to the termination of the employment by the employer, through the shared dialogue between the state institutions accountable for the legal employment relations and the real sector and to jointly articulate conclusions about the direc-

tion the new legislation in this field should take and ways of its implementation.

At this event the representatives of the Federal Ministry of Labour and Social Policy, Ministry of Labour, War Veterans and Disabled Persons' Protection of Republic of Srpska, judges of the municipal and cantonal court in Sarajevo, judges of the basic and district court in Banja Luka, as well as head labour inspectors in the Federation and the Republic of Srpska, and more 30 representatives of foreign companies, members of FIC, actively participated as panellists.

Mr. Stevan Dimirtijević, FIC board member opened the panel and expressed his appreciation to all institutions and companies that have shown interest to be part of this important dialogue.

"We hope that this dialogue between the business community and institutional representatives will in the future be the basis for

the reform process in BiH, in order to establish a better business climate for all companies present in BiH," said Dimitrijević. Assistant Federal Minister of Labour and Social Affairs, Ms. Džana Kadribegović and Mr. Rajko Kličković, Head of the Department of Labour and Employment of the Ministry of Labour, War Veterans and Disabled Persons' Protection of Republic of Srpska gave an overview of provisions of entity Labour Law which regulates the field of termination of the employment contract and pointed to differences which exist between the entity labour regulations.

During the discussion, all representatives of the courts and inspectorates from both entities were very active in responding to controversial issues to company representatives / FIC members, which resulted in defining concrete conclusions that will facilitate the future operations of companies. ■

Sarajevo Business Forum 2014

On May 14th 2014 a two-day, Fifth International Investment Conference of the Sarajevo Business Forum (SBF), has begun. The forum brought together a number of eminent personalities from the fields of business and the economy of Bosnia and Herzegovina, the Western Balkans region, and the world, as well as representatives of the world's largest investment funds. Director of the BBI Bank and organizer of the SBF Amer Bukvić in his opening speech said that the Forum has become one of the major business events in the region and he officially declared it open.

He pointed out that, after lengthy preparations, the Forum will publish more than 110 projects in various

sectors, mostly from the agricultural sector, and that more than 600 participants from Bosnia and Herzegovina, the region and the world responded to the open call.

Chairman of the BiH Presidency, Bakir Izetbegović during his speech said that Bosnia and Herzegovina is working on opening 100,000 new jobs in the upcoming years. He said that the country possesses an educated and cheap labour force and established companies, as well as that the BiH legislation in the field of labour and employment is generally aligned with international standards.

Speaking of challenges, Izetbegović said that Bosnia and Herzegovina should facilitate visa regime to-



wards a number of countries, especially the Gulf states, establish a more efficient judicial system in handling commercial disputes and focus attention to local and foreign investors, because great resources of public companies are still being unused at the accounts of commercial banks.

President of the Islamic Development Bank Group Ahmad Mohamed

Ali, during his opening speech, pointed out that the SBF „is gradually becoming one of the most important events that represent a unique opportunity for investment."

He said that the investment is extremely important for sustainable development, adding that Bosnia and Herzegovina and the countries of Southeast Europe have made great efforts to attract foreign investment. Noting that countries in the region have the potential for development of halal and organic production, Ali said that during the SBF participants will look back at four regional themes: agriculture, energy, infrastructure, construction and tourism.

A former member of the BiH Presidency and one of the founders of the Forum, Haris Silajdžić, said he was proud of the Forum and thanked everyone for coming and said that



Bosnia and Herzegovina, in spite of all the difficulties, is good state for investors. Chairman of the Council of Ministers Vjekoslav Bevanda said the region is characterized by a complementary economy, which increases the possibilities of regional cooperation. He took the opportunity to send a message to all investors to experience this region as a place where profits is made through the investments.

During SBF a Memorandum of Understanding which was founded on

the principle of BBI Economic Corporation was signed and the signatories have undertaken to work together to realize the large number of projects. The memorandum was signed by representatives of the Islamic Development Bank Group, BBI Bank, the company Hassam Al Othaim and Al Meera.

Sarajevo Business Forum is a platform for regional cooperation and joint presentation of the potential of the region of Southeast Europe to influential business and political leaders from around the world. Forum will again, as in previous years, act on the basis of successfully defined parameters from the conference in Davos.

During the past four years, the SBF has hosted more than a thousand investors from more than 30 countries and more than 300 projects have been presented. ■

GAZPROM network of petrol stations in Bosnia and Herzegovina



By taking over the retail network of OMV BH doo, a company NIS Gasprom Neft put into service 28 gasoline stations under the brand GAZPROM in Bosnia and Herzegovina. On the territory of the Republic of Srpska eight service stations operating under the brand NIS Petrol. By the end of the 2013 the total investment in the network of Gazprom and NIS Petrol in Bosnia and Herzegovina will be in amount of 90 million euros and opened 36 service stations.

On this way it is established the secure sales channel of motor fuel - quality Euro 5, which are produced in the refinery in Pancevo. Premium network of petrol stations GAZPROM offers consumers

fuel and lubricants of high quality, as well as a wide range of additional products. This form of stations anticipates the existence of shops, restaurants and cafes. Customers may use wireless internet, car wash and playground as well. Besides Bosnia and Herzegovina, a large project development of new premium network of petrol stations GAZPROM spreads in Serbia, Bulgaria and Romania. By the end of the 2015, more than 250 service stations will be built in the Balkans, including 40 on the territory of Bosnia and Herzegovina, where it is expected that the network of petrol stations GAZPROM occupy about 15 percent of the retail fuel market in this country.

Additional information:

NIS is one of the largest vertically integrated oil and gas company of South Eastern Europe. Basic di-

rections of activity are research, production and sale of oil and gas, as well as the traffic of petroleum products. "Gaspromneft" owns 56.15 % of shares of NIS, while 29.88 % of shares of NIS owned by the Republic of Serbia. NIS in Serbia owns the refinery with two organizational parts - in Pancevo and Novi Sad, with a total capacity of 7 million tons of oil per year, as well as gas refinery in Elemir. The volume of NIS production is 1.7 million tons of probation oil per year. Retail network of companies includes more than 500 gas stations and warehouses in the countries of the Balkan region. NIS operates in several European countries - Serbia, Hungary, Romania, Bosnia and Herzegovina, Montenegro, Croatia, Bulgaria, Macedonia and participating in construction projects on the territory of Angola. ■

Volkswagen Sarajevo



History

TAS (Tvornica Automobila Sarajevo) was established in 1970 in cooperation between Volkswagen AG and UNIS, with Volkswagen holding a 49% stake and UNIS 51%. CKD assembly of the Volkswagen Beetle started in Sarajevo in 1972, followed by CKD assembly of the GOLF and Jetta in 1976 and the Caddy in 1982. 1989 was a record year for the Sarajevo plant, with a total of 3,500 employees assembling 37,000 vehicles. Following the war years, the Sarajevo plant was recommissioned in 1998. Since 2001, Volkswagen AG has held a stake of 58% and joint venture Prevent has held a 42% stake in the plant. SKD assembly of Volkswagen, Skoda and Audi models started in 1998 and continued until 2008. In 2009, the EcoCarrier small electric van was produced in cooperation with the German company EcoCraft.

Plant

The plant of Volkswagen Sarajevo d.o.o. has a total surface area of 157,000 square meters, including 22,300 square meters of production area in use and 36,700 square meters of unused production area.

Production

Volkswagen Sarajevo produces components that are installed on many different engines and models of Group brands. The main products of the plant include stub axle, ring gears, wheel hubs and wheel flanges. In 2011, the plant produced about 2.4 million stub axles, 1.0 million ring gears and 0.6 million wheel hubs and wheel flanges. In addition the plant produces intake pipes, exhaust silencers, swirl chambers, machine parts and reservoir, tubes, currently to customers' specifications.

Sarajevo has also developed container production capabilities and now manufactures a wide range of universal and special containers tailored to customers' requirements. One of the special containers produced is a push trolley

with tilting system developed by the engineers of Volkswagen Sarajevo. A patent for this invention is pending.

Environment

With its „Think Blue Factory“ initiative, the Volkswagen brand has set itself clear targets for the environmentally sustainable positioning of all its plants. By 2018, the aim is to reduce the environmental impact of all Volkswagen plants by 25 percent. Specifically, this means 25 % lower energy and water consumption, waste volumes and emissions at all plants. In January 2009, Volkswagen Sarajevo was one of the first companies in the metal-working industry of Bosnia and Herzegovina to be awarded an environmental permit. This is a mandatory certificate that demonstrates that companies operate in accordance with the environmental regulations laid down by the state. In 2011 Volkswagen Sarajevo received an ISO 14001 Certificate for its environmental management system in November 2012. ■

Bosna Bank International (BBI)



Bosnia Bank International (BBI) is the first and only bank in BiH and the region which operates in accordance with the principles of Islamic banking. It was founded on October 19th 2000 with its headquarters in Sarajevo. The founders of BBI are the Islamic Development Bank (Saudi Arabia), with shareholding of 45.46%, Dubai Islamic Bank (UAE) with the initial share of 27.27% and Abu Dhabi Islamic Bank (UAE) with

the initial share of 27, 27%). Banks which have established BBI were rewarded the ranking of AAA (triple A) by the world's largest bank ranking organization, and this rank is awarded only to the best and safest financial institutions. Although in BiH there is no legal framework for the operation of the bank in accordance with Islamic principles, BBI has invested great efforts and made substitute products, so that now it offers all products and services as conventional banks, which are not in conflict with either Islamic or local legislation. Today, BBI operates with 23 branch offices across the

country. By developing a business network and opening branch offices across BiH, we have given access to affordable financial lines to greater number of citizens and thereby increasing the market share of BBI bank. BBI Bank joined the rank of banks with the largest number of ATM machines in the country and this is ensured by initiating the formation of the "BH ATM network."

Since 2010, BBI Bank has been organizing Sarajevo Business Forum, an international investment conference where local entrepreneurs have the opportunity to meet and implement business coopera-

tion with investors from around the world.

BiH has great potential for growth in agriculture, tourism, energy, telecommunications and BBI as a socially responsible bank seeks to contribute to the economy of Bosnia and Herzegovina and provide favourable means of financing. It should be noted that the Turkish financial line, which provided existence for over 1,000 returnee families, through the financing of the economy opened more than 1,700 jobs as well as the line of the World Bank, intended for small and medium enterprises. During the global economic and financial crisis, commercial banks were under severe pressure from customers. However, banks whose business is in line with Islamic principles have not felt the negative effects of the world crisis. The

reason for this is that behind all the transactions of the banks there are real values.

BBI bank as an institution which operates in accordance with Islamic principles and offers security and trust to its clients in this period recorded a growth in the number of service users.

BBI Bank as a recognizable brand in the business development and society as a whole

- Since 2010 till today, every year BBI organizes the Sarajevo Business Forum, the largest international investment conference in modern Bosnia and Herzegovina.
- BBI is the first bank which established a VIP Business Club, for clients/companies for making business connections and establishing links with foreign markets.

- BBI in cooperation with the University of Bolton UK initiated the establishment of the Centre for Islamic Economics, Banking and Finance at the Faculty of Economics in Sarajevo.
- BBI has established its training house called BBI Academy, which organizes staff training through a variety of internal and external seminars and workshops.
- BBI is one of the investors in BBI Centre.
- BBI is the only bank in Bosnia and Herzegovina that offers zakat and hajj savings.
- In cooperation with its partners BBI, each year, donates about one million convertible marks for over 500 students have lost one or both parents as well as for particularly successful students from Bosnia and Herzegovina. ■

RECOGNITIONS AND AWARDS

In recognition for its contribution to the development of business and society as a whole BBI has received prestigious awards such as the "Superbrand" for the 2010 and 2013/2014, "most preferred employer in the financial sector" for the 2011, 2012 and 2013, in the 2014 it is among the top three most desirable employers in this field. The Bank is the recipient of "Acknowledgements of Sarajevo" from the 2012. Director of the Bank, Amer Bukvić, is the winner of "Personality of the Year 2010" by the choice of readers daily newspaper "San", "Best Manager in BiH banking sector and South-Eastern Europe in 2011", "Medallion of the City of Sarajevo" in the 2011, the Charter international League of Humanists "Aurelio Peccei" in the 2012. In 2013 the director of BBI was awarded the International Islamic University of Malaysia (IIUM) recognition in the category of "International Banking". That same year, Tun. Dr. Mahathir Mohamad, the fourth Prime Minister of Malaysia, on behalf of the Foundation "Perdana Leadership" presented the awards to the most successful entrepreneurs of BiH. Recognition in the field of banking, Dr Mahathir presented to Amer Bukvic.

INTERVIEW with...

Dr. Renzo Daviddi, Deputy Head of EU Delegation to Bosnia and Herzegovina (BiH)

Can you tell us more about the current economic programs of the EU Delegation in Bosnia and Herzegovina?

A number of new initiatives in key areas have been launched in the past few months. They are all summarised in the Conclusions of the EU Foreign Affairs Council published on 14th April. Clearly there is a broadening of the EU agenda and engagement in Bosnia and

Herzegovina. First and foremost we need to see progress on the economy. Lack of economic growth is one of the reasons behind the justified protests we have seen over recent months. That is why we will support a forum and a dialogue on the economy which will help to identify the key areas for urgent action to spur the creation of jobs. The European Commission will take forward initiatives to improve

economic governance, strengthen competitiveness and stimulate economic growth.

We have already launched the joint working group on implementing all EU funds from IPA 2007 – 2013. This has already made some good progress. In addition a broadening of the Structured Dialogue on Justice is expected so that it will cover other rule of law issues in addition to justice, in-

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cluding anti-corruption. Taken together, this is a significant widening of EU engagement.

All that said, the essential conditions for BiH to move closer to the EU will not change. As the Conclusions said, the 'Sejdic and Finci' judgment needs to be implemented and an efficient EU co-ordination mechanism to enable BiH to speak to the EU with one voice remains of high importance.

Will your future efforts, in terms of helping BiH through IPA funds and other instruments of technical assistance, be more focused on assisting BiH in overcoming its economic problems?

IPA funds will continue to be available across the sectors jointly identified by BiH and the EU as the ones requiring financial support. These range from social development to justice and many others. Reform across all the identified sectors will help the BiH economy directly or indirectly.

The total budget planned for IPA II (2014-2020) for all the Enlargement countries is EUR 11.7 billion. Bosnia and Herzegovina would stand to get hundreds of millions of euros from this total amount – if it can agree on co-ordination and develop appropriate strategies to use the money. IPA II preparations for BiH are still at the beginning, however we think BiH should not miss this next major opportunity. The EU granted over 600 million EUR to Bosnia and Herzegovina through the Instrument of Pre-Accession (IPA) alone and more than three billion EUR were allocated to the country through various programmes in the past 20 years. Currently, we have projects in the amount of 210 million euro, which are under implementation but not yet finalised and we were talking about 150 million euro which have not yet been contracted.

What is needed now is strong political leadership as well as more ownership and responsiveness in carrying out the various projects for the benefit of the citizens and



the European integration of Bosnia and Herzegovina.

Are there mechanisms in the EU which allow the control over the funds approved for implementation of projects in BiH?

Yes, the EU keeps a close eye on the use of EU funding and project progress. The EU Delegation to Bosnia and Herzegovina is responsible for procuring and contracting projects financed from EU Instrument of Pre-Accession Assistance (IPA). Once the projects are ongoing we monitor the implementation and progress of the projects jointly with our BiH counterparts. For example we have the IPA Monitoring Committee that meets regularly. IPA Monitoring Committee is a joint meeting between European Union and Bosnia and Herzegovina that gives the BiH institutions the possibility to exercise ownership of the assistance and to demonstrate the achievements made or problems encountered. The purpose of the meeting is that the assistance under IPA is better targeted and focused on results in order to help Bosnia and Herzegovina on the European Integration path.

In addition projects have their individual Steering Committee meetings, which are attended by all project parties and that discuss the progress of the particular project. In addition to audit, the European Commission engages regularly also outside assessors to scrutinise the implementation of EU-funded projects.

Do you believe that BiH can function as integral economic space and, in your opinion, which are the

key priorities for the recovery of BiH economy?

BiH has to function as an integral economic space if it wants to join the EU—it's that simple. Much effort has been invested so far with the ultimate goal of creation and functioning of a single economic space in BiH. The Constitutional setup of the country allows for all levels of government to develop policies that they think will contribute to economic prosperity which in itself is a good thing.

But the main challenge for all office holders and decision makers is that all existing as well as future policies should be sufficiently co-ordinated in order to achieve optimal effects, otherwise policies and actions of an administrative level may prove to be inconsistent with the policies of another administrative level. This can lead to serious challenges in terms of establishing and functioning of a single economic space. For example, segregated registration procedures for businesses and other restrictions that divide the economic space would be immediately in breach of the Stabilisation and Association Agreement should it come into force. And this is more than an EU requirement: local businesses and potential foreign investors also want this to happen as a matter of urgency.

The single internal market between Member States is one of the main achievements of the EU that serves as a base for economic prosperity of the Member States and for an increased level of social cohesion within the EU. Currently, Bosnia and Herzegovina faces many economic challenges that stand in the way of progress and wider economic integration and we need to reduce them.

As regards the priorities for economic recovery, they are well known and there is widespread agreement on them: first is labour market restrictions and taxes and the detrimental effects these have on employment; second is a business environment (with vast regu-

lation and unseen fees and taxes) that deters investment; third is the overhang of state-owned and badly privatised enterprises that use up resources without making an adequate contribution to economic activity; and fourth is a social welfare system that is expensive but that does not help the people who truly need it. Running through all of this is a level of corruption and privilege that excludes many (especially, young) people from access to opportunity and jobs. Just to remind you that unemployment rate of young people is close to 60%. So please be sure that the problem of unemployment stands out from the rest and it is necessary to decisively address this problem. Only coordinated approach undertaken by all levels of government, in collaboration with other partners such as employers, who are not necessarily domestic, financial institutions as well as representatives of the wider international community, can effectively contribute to solving this pressing problem. Again I repeat, harmonized business conditions throughout the country as well as equal treatment of all economic actors are certainly one of the basic prerequisites for achieving this objective.

What are your experiences with the BiH authorities? Did BiH authorities show understanding and acceptance of the EU economic programs for BiH?

We see it in the issue of coordination of EU affairs, which is one of the greatest challenges for any country aspiring to join the EU. For Bosnia and Herzegovina this challenge is even bigger due to its complex institutional architecture. As stated in the Commission's 2013 Progress Report, BiH needs to address the issue of an effective coordination mechanism between various levels of government for the transposition, implementation and enforcement of EU laws, as a matter of priority, in order to be able to speak with the EU with one

voice and to benefit the EU financial assistance. The complicated decision-making process has had negative impact on the overall reforms and progress of the country towards the EU.

Better internal coordination is vital for the dialogue and cooperation between the EU and Bosnia and Herzegovina. Several meetings of EU-BiH subcommittees on issues such as trade, customs and taxation or state aid, competition and internal market legislation could not be held due to internal disagreement on the side of Bosnia and Herzegovina. That undermines the functioning of the Interim Agreement which is the contractual basis of our relations.

What is needed is shared political will to find mutually agreeable and efficient solutions for a technically demanding EU accession process.

In your opinion what are the economic benefits of BiH?

A good answer to this question requires taking a look at Bosnia and Herzegovina through a longer period of time. First I would refer to a period over the last 20 years and if we compare the situation then and now, we can rightly say that economic position and standard of living of citizens today is at a much higher level than before. However, if we look at the state of the economy and the quality of life of the average citizen over the last several years, again, it appears right to say expected progress is absent. A clear manifestation of this is certainly the recent wave of protests where citizens from all social categories publicly expressed dissatisfaction with the current situation and the unclear prospects for change for the better.

Analytically speaking, one of the main causes of this situation is the lack of economic topics at the top of the political agenda. I say political because it is the predominant influence of the public sector which is one of the main differences compared to other market economy based on democratic princi-

ples. Increased level of foreign exchange with higher export growth is a clear indication of the greater degree of openness and integrity of BiH economy in a broader context. The EU certainly was and still is the most important foreign trade partner of BiH which, I want to emphasize, is not result of a political decision but a relationship of entrepreneurs based on economic principles of access to free market. In order for trade and overall economic exchange to run smoothly, much effort was needed and is still required to build the so-called soft infrastructure with the aim of strengthening confidence and better integration of BiH economy in the system of international economic relations.

In your opinion what is necessary to make BiH more competitive, economically stable, and interesting for investors? What are the necessary economic and political reforms that Bosnia and Herzegovina should undertake on its path towards the EU?

We try to make sure that the EU-BiH relationship is a partnership on an equal basis within which there is an open information exchange, joint design and conduct of previously agreed activities within the given deadlines. Long-term action plans of the EU and other business and financial institutions are predominantly economic in character aimed at overcoming obstacles of either political character that stand in the way of economic progress. After all, at the end of the day, the standard of living of the citizens is the best indicator of performance of all activities undertaken and what really counts. We have approached this with the inclusion of all social groups in order to exploit the potential that this country has. Because only open and effective communication between government and citizens, primarily, and the legislature, business community and employees are the foundation of social and economic development based on democratic

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principles that we in the EU carefully nurtured and further improved.

What is your message for the foreign enterprises present in BiH?

Foreign investors are an integral part of economic and social reality of the country. Their influence in some cases does not correspond to the level of their economic significance. However, they represent a stable element of the economic system. It is welcome that they have decided to come to BiH and bring modern technology and thereby invest in production capacity, distribution channels, promotional activities. In the end they are able to achieve satisfactory financial results. A large number of local enterprises and entrepreneurs are associated with the activities of foreign companies which contribute to increased level of cross-border trade and the overall quality of the BiH economy. In order to enhance operations of existing and to facilitate arrival of new foreign investors, it is necessary to further focus efforts on creating a favorable economic environment for business, work on

removing administrative and financial burdens reflected through growing fiscal and para-fiscal levies and provide equal treatment for all economic actors, regardless if it is foreign or domestic companies, throughout the country.

Therefore my main hope for foreign investors is that they will persevere in a difficult business climate and help us to achieve reforms. The EU puts the highest priority on investment (and jobs) and we are here to help in any way possible. Please continue to let us know in what way you think we can help to increase foreign investment and make it easier and more rewarding.

How do you perceive the cooperation with the Foreign Investors Council BiH?

The Foreign Investors Council is an extremely valuable asset in BiH and its White Book is a significant resource in identifying the problems faced by business and planning the reform agenda. We have had excellent cooperation with the FIC over the years and, if anything, need to work in ever closer harmony in order to advance the

reform agenda. Socially responsible management of the FIC members is to be applauded and I want to congratulate them on this occasion.

In addition to political issues, where does BiH stand in terms of meeting other requirements on its path towards the EU? Is there any chance to catch up with counties in the region?

It is obvious that Bosnia and Herzegovina is currently lagging behind other countries in the region, but with strong political will the country can catch up. In recent months it has become visible that the political system in Bosnia and Herzegovina must become more responsive to the citizens' agenda demanding more job opportunities, more efficient justice and no corruption. Looking at current developments in other parts of Europe it is essential for Bosnia and Herzegovina to progress on the European path with determination in order to become part of a Union which not only stands for more prosperity but is also a space of freedom, justice and security. ■

FIC MEMBER'S ACTIVITIES

CFO Conference - financial director positions in BiH

On March 6th 2014, in Sarajevo, Deloitte organized the first CFO Conference in BiH, which was aimed at providing the business community with an objective overview of the key factors of economic progress in BiH and in the wider region.

In the first part of the conference Ms. Sabina Softić, a partner at Deloitte in Sarajevo, presented the results of Deloitte's research on attitudes of financial directors in Bosnia and Herzegovina and Central Europe, which Deloitte has been carrying out for four years, twice a year. Presenting the data that were obtained in the re-

search she said that CFOs in BiH believe that their priorities this year must be to reduce costs and increase revenues in existing and new markets and improve liquidity.

Softić said that this research in BiH is a part of the project which is being implemented in 13 countries in Central Europe and it included around 600 directors and board members of the companies, while in the study, which was conducted in November and December 2013, participated around 100 people in BiH.

"Sixty-three percent of subjects rated the overall level of external

financial and economic uncertainty faced by their companies high or higher than normal, while 75 percent of subjects, however, believe that it is not time to enter into greater balance risks. Unemployment is another area where the negative trend is expected," said Softić.

She pointed out that research has shown that in Bosnia and Herzegovina almost half of the surveyed financial directors do not expect any changes in the finance coefficients in their companies. Speaking of research for Central Europe, Softić stressed that most financial directors considered that

FIC MEMBER'S ACTIVITIES

it was not the time to engage in greater balance risks, while only the directors from Lithuania considered they should take advantage of their potential for growth. Also the three main priorities of the financial directors of the countries of Central Europe are: the desire for growth, the desire for stability, and a desire for a more favourable cost. These directors, according to a survey, are much more optimistic about the prospects of their own companies in the next six months from the expectations related to GDP growth in the countries they come from. As noted, CFOs of Central Europe do not expect a shortage of talent



among people in financial functions. The conference was opened by Alastair Teare, Deloitte's managing director for Central Europe. Within the conference the panel discussion on changing role of the

CFO in modern organizations was held with the active participation of Deloitte's financial experts and directors of some of the largest and most successful companies in Bosnia and Herzegovina. ■

Presentation of the EBRD's Transition Report for 2013

At the headquarters of the Central Bank of Bosnia and Herzegovina (CBBiH), on February 13th 2014 the presentation of European Bank for Reconstruction and Development's (EBRD) report on transition for 2013 was held. This is an annual report on progress in reforms and economic development in 34 countries in which the EBRD operates, ranging from Central Europe to Central Asia and the countries of the southern and eastern Mediterranean. The report contains information on key economic developments in Bosnia and Herzegovina during the past year and reviews future challenges of transition - in

Bosnia and Herzegovina and in the wider region. Peter Sanfey, deputy director for strategy and policy at the EBRD and Libor Krkoska, head of the EBRD Office in BiH presented the transition report for the 2013 and EBRD's investments and activities in Bosnia and Herzegovina. Also, the presentation was attended by the Governor of the CBBH, dr. Kemal Kozarić and members of the Board of the CBBH, IMF Resident Representative in BiH Ruben Atoyán, and many guests from the business community and institutions in BiH. During the presentation, representatives of the EBRD expressed their satisfaction

with the information that in BiH there is less than two percent of credit with the problems in the service, and that the percentage of unused credits has been reduced from 53.1% to 40%. Also, they stated that 200 million Euros was invested in private sector projects in BiH. It was explained that in the next few years the EBRD will be focused on the expansion of the private sector and that this institution is particularly interested in the involvement in the promotion of renewable energy and improvement of energy efficiency in the private sector. The CBBH Governor, dr. Kemal Kozarić, in his presentation emphasized great importance of the EBRD as the most important institutional investors in BiH. EBRD funded more than 100 projects, with a net value of business of this bank in BiH amounting to 1.6 billion Euros and the total value of funded projects 3.6 billion Euros. "It is well known that the EBRD plays a crucial role in financing Corridor Vc, as well as a number of projects in the financial sector. They also provide support to banking and micro-credit institutions", stated Kozarić. ■



FIC MEMBER'S ACTIVITIES

The construction of the TCK administrative building began

In the presence of the Executive Director for Finance and Economic Affairs, Zehra Obralića, and Executive Director of Production and Technical Issues, Izudin Neimarlija, during the first days of the 2014 digging and building concrete foundations for the new administrative business building started.

After 35 years of successful business and production Cement Factory Kakanj has grown into a recognizable and strong domestic brand. All these years after privatization, it has evolved and grown guided by the vision of planned investments, trying at all times to be responsible and utterly decent neighbour and business partner. After intensive investments in facilities in order for the production

to be at a level that meets the highest European and world standards of quality and environmental protection, it was decided that the new administrative building which would also meet those standards needs to be built. Preliminary design was done by architectural studio "nonstop" and their major references were Importane Centre in Sarajevo and Alta Shopping Centre in Sarajevo. In addition to modern offices, employees will have at their disposal a modern decorated restaurant and spacious landscaped terraces. It is worth mentioning that in one part of the building one of the most intriguing products of HeidelbergCement - transparent concrete will be incorporated, which is the first such case in the



Balkans. A little less than two thousand square meters of office space on four floors are being built and organized according to the latest standards of environmental protection and energy efficiency. According to the manager of building maintenance, Elvedin Hadžić, depending on weather conditions, the completion of this project can be expected at the end of the 2014. ■

ADOPTED LEGISLATION IN BiH

BiH OFFICIAL GAZETTE

BiH Council of Ministers

- Ordinance on amendments to the Ordinance on the hygiene of food of animal origin (BiH Official Gazette 28/14)

BiH Ministry of Finance and Treasury

- Order on the payment account for administrative fees (BiH Official Gazette 19/14)

BiH Indirect Taxation Authority

- Guidance on sample uptake of goods in the customs procedure (BiH Official Gazette 05/14)
- Guidance on the use of blank drawn bill in the customs procedure internal processing based on subcontracting work (BiH Official Gazette 16/14)
- Guidance on the destruction and disposal of customs goods (BiH Official Gazette 26/14)

BiH Commission for Accounting and Auditing

- Decision on the conditions for obtain-

ing accounting profession in BiH (BiH Official Gazette 07/14)

State Electricity Regulatory Commission

- The decision on issuing licenses for international trade in electricity (BiH Official Gazette 26/14)

Communications Regulatory Agency

- Code of amending the Code of Commercial Communications (BiH Official Gazette 30/14)

BiH Veterinary Office

- Decision on the adoption of official sampling for dairies approved and proposed for export to the European Union in 2014 and the plan for official controls of milk and dairy products for export to the European Union in 2014 (BiH Official Gazette 21/14)

BiH Foreign Trade Chamber

- Decision on membership fees for the Foreign Trade Chamber of Bosnia and Herzegovina for 2014 (BiH Official Gazette 29/14)

OFFICIAL GAZETTE OF THE FEDERATION BOSNIA AND HERZEGOVINA

FBiH Parliament

- The Law on Amendments to the Law on renewable energy and efficiency cogeneration (Official Gazette of FBiH 05/14)

FBiH Government

- Regulation on the procedure, criteria, form and content of the application for issuing energy permits for construction of new and reconstruction of existing production plants (Official Gazette of FBiH 27/14)

FBiH Ministry of Finances

- Instruction on repealing the instructions on how to manage accounting, financial reporting and annual accounts for the development and investment projects (Official Gazette of FBiH 01/14)
- Ordinance on issuing the residence certificates (Official Gazette of FBiH 15/14)

*Laws and by-laws of the relevant importance for foreign investors in BiH for the period January – May 2014.

ADOPTED LEGISLATION IN BiH

FBiH Ministry of Environment and Tourism

- Regulations on monitoring emissions of pollutants into the air (Official Gazette of FBiH 09/14)

FBiH Ministry of Agriculture, Water Management, and Forestry

- Instruction establishing the general and specific hygiene requirements and the organization of official controls for products and facilities that are approved for export of milk and dairy products to the EU market (Official Gazette of FBiH 08/14)
- Ordinance amending the Ordinance on the manner and conditions of realization of financial support by the Model of production stimulus (Official Gazette of FBiH 07/14)

FBiH Banking Agency

- Decision amending the Decision on provisional measures for reprogramming the credit obligations of physical persons and legal entities in banks (Official Gazette of FBiH 01/14)
- Instructions for licensing and other FBA approvals - consolidated text (Official Gazette of FBiH 01/14)
- Decision on amendments to the Decision on the unique manner of calculation and disclosure of effective interest rates on loans and deposits (Official Gazette of FBiH 23/14)
- Decision on amendments to the Decision on minimum standards for documenting banks' credit activities (Official Gazette of FBiH 23/14)
- Decision on the conditions and methods of procedures of banks, micro-credit organizations and leasing companies upon receiving customer complaint (Official Gazette of FBiH 23/14)
- Decision on the conditions and methods of complying with a request to release the guarantor from liability guarantees (Official Gazette of FBiH 23/14)
- Decision on the conditions for the evaluation and documentation of credit standing (Official Gazette of FBiH 23/14)

FBiH Securities Commission

- Ordinance amending the Ordinance on the content, deadlines and format of reports of investment funds, management companies and depositary banks (Official Gazette of FBiH 22/14)

FBiH Association of Employers

- Collective agreement for the branch of finance for the territory of the Federation of Bosnia and Herzegovina (Official Gazette of FBiH 29/14)

OFFICIAL GAZETTE OF THE REPUBLIC OF SRPSKA

RS National Assembly

- The Law on the unified system of multilateral compensation and cession (RS Official Gazette 20/14)
- The Law on Amendments to the Foreign Exchange Law (RS Official Gazette 20/14)
- The Law on Amendments to the Law on Advocacy of Republic of Srpska (RS Official Gazette 20/14)
- The Law on Amendments to the Law on Notaries (RS Official Gazette 20/14)

RS Government

- Regulation on the classification of activities of the Republic of Srpska (RS Official Gazette 08/14)

RS Ministry of Finances

- Ordinance on the conditions and the manner of implementing measures of confiscation of objects (RS Official Gazette 11/14)
- Ordinance amending the Ordinance on the application of the Law on Personal Income Tax (RS Official Gazette 22/14)

RS Ministry of Industry, Energy, and Mining

- Regulations on the performance of the surface mining work (RS Official Gazette 07/14)
- Regulation on technical standards for the design, construction, operation and maintenance of gas boilers (RS Official Gazette 07/14)
- Ordinance on the conditions and method of establishing business zones

(RS Official Gazette 23/14)

- Regulation on the methodology of estimating the cost of supply of energy services (RS Official Gazette 28/14)
- Regulations on the procedure for approval of detailed geological investigations (RS Official Gazette 28/14)
- Regulations on the procedure for issuing and revoking licenses for geological exploration, form of the license, management and publication of the register of licenses (RS Official Gazette 28/14)

RS Securities Commission

- Ordinance amending the Ordinance on trading securities (RS Official Gazette 1014)

RS Banking Agency

- Decision on minimum standards for management of outsourcing (RS Official Gazette 01/14)
- Decision on minimum standards for management of information systems in banks (RS Official Gazette 01/14)
- Decision amending the Decision on provisional measures for reprogramming the credit obligations of physical persons and legal entities in banks (RS Official Gazette 01/14)
- Decision on amendments to the Decision on minimum standards for market risk management in banks (RS Official Gazette 01/14)
- Decision on amendments to the Decision on minimum standards for credit risk management and classification of banks' assets (RS Official Gazette 01/14)

RS Regulatory Commission for Energy

- Ordinance on issuing a guarantee for the origin of electricity (RS Official Gazette 01/14)

Union of Associations of Employers of the Republic of Srpska

- The Decision on cancellation of the General Collective Agreement ("Official Gazette of the Republic of Srpska", No. 40/10) (Official Gazette of RS 01/14) ■

Decision of the Governing Board of the Indirect Taxation Authority of BiH regarding excise duties on cigarettes for 2014

In November 2013, the Governing Board of the Indirect Taxation Authority of BiH has adopted the Decision on Establishing of Specific and Minimum Excise Duty on cigarettes for 2014.

The proportional excise duty of 42 % on retail selling price of cigarettes remains unchanged. The special excise duty which was payable on 1,000 cigarettes in the amount of 37.50 BAM was increased to 45.00 BAM / for packages containing 20 pieces of cigarettes, the excise duty was increased from 0.75 BAM to 0.90 BAM.

If the calculated excise duty is lower than the minimum excise duty, minimum excise duty shall apply. The minimum excise duty in the amount of 91.00 BAM for 1,000 cigarettes was increased to 104.50 BAM / for packages containing 20 pieces of cigarettes, the excise duty was increased from 1.82 BAM to 2.09 BAM.

Taxpayers and other cigarette retailers are obliged to create inventory lists of cigarettes as of 1st January 2014, submit the lists to the Indirect Taxation Authority and pay the difference between excise duties calculated and excise duty already paid until the 10th January 2014. ■

Amendments to the Law on Indirect Taxation Procedure

The House of Peoples of the Parliamentary Assembly of Bosnia and Herzegovina has adopted last week Amendments to the Law on Indirect Taxation Procedure (hereinafter "the Law").

According to the Law, following provisions have been amended:

- The enforced penalty procedure fee will be reduced from 10% to 5%;
- The daily penalty interest rate will be reduced from 0.06% to 0.04;

- The Indirect Taxation Authority of BiH will be entitled to publicly announce taxpayers that have unsettled liabilities related to value added tax, customs and excise duty. ■

Decision on consent for ratification of the Convention between the Council of Ministers of Bosnia and Herzegovina and the Government of the Republic of Macedonia on avoidance of double taxation with respect to taxes on income and capital

Decision on consent for ratification of the Convention between the Council of Ministers of Bosnia and Herzegovina and the Government of the Republic of Macedonia on avoidance of double taxation with respect to taxes on income and capital (hereinafter „DTT“) has been published in the Official Gazette of BiH – International Agreements, no. 5/14 dated on 20th March 2014.

According to information obtained from the BiH Ministry of Finance and Treasury, the DTT should be published in the Official Gazette of BiH during this year, whereby it should apply as of the 1 January 2015. ■

Amendments to the Law on Personal Income Tax of Republika Srpska

Amendments to the Law on Personal Income Tax of Republika Srpska were published on 8th December 2013 in the Official Gazette of Republika Srpska no. 107, and became effective as of 1st February 2014. Significant amendments are as follows:

The following allowances shall apply:

- annual personal allowance in the amount of BAM 2,400, i.e. BAM 200 per month;
- allowance for each dependent immediate family member in the amount of BAM 900 annually;
- allowance for interest paid on the housing loan, and

- allowance for voluntary pension insurance paid during the year, but not exceeding the annual amount of BAM 1,200. ■

Rulebook on the issuance of Residency certificate

Rulebook on the issuance of the certificate of residency ("Rulebook") has been published in the Official Gazette of the Federation of Bosnia and Herzegovina; no. 15/14 dated 26th February 2014 and has entered into force on 27th February 2014. With the aim of claiming rights of physical persons and legal entities as per Double Taxation Treaties, this rulebook prescribes procedures, issuance and the form of the certificate of residency in the Federation of Bosnia and Herzegovina. Rulebook also prescribes certification of the certificates of residency in other contracting states. Residency status in the Federation of Bosnia and Herzegovina is proven by means of the certificate of residency on the POR-1 form, which is issued and certified by the competent organisational unit of the Tax Administration of the Federation of Bosnia and Herzegovina based on the legal entity's registered seat or physical person's place of residency. Certificate of residency is issued on the basis of a submitted written request together with documentation that is prescribed by the Rulebook.

Residency status in other contracting states, non-resident proves by means of the certificate of residency, which is issued and certified by the competent authority of the other contracting state. Rulebook prescribes that the certificate of residency in the other contracting state is submitted at the time of first payment to non-resident, and every six months for physical persons, or every 12 months for legal entities in case of more than one payment to the same non-resident. ■

Presentation of the White Book 2012-13 - guidelines on how the Government can implement reforms and improve the business climate in the country



On November 22 2013, Foreign Investors Council (FIC) presented the fourth edition of its publication, White Book for 2012/13, to the government and international officials in BiH. The presentation of the White Book for 2012/13 highlighted key obstacles to investment in BiH while offering a number of recommendations on how to remove administrative barriers that hinder the operations of foreign and domestic companies, in the sense of being active in order to improve the legal and regulatory framework in BiH.

The purpose of the White Book is to suggest the authorities of Bosnia and Herzegovina priority economic and legal reforms in order to address the key barriers to invest-

ment. The White Book for 2012/13 includes nine areas: business registration, environmental and construction permits, taxes, energy efficiency, judiciary, employment legislation, concessions, and export.

Members of the FIC have identified a list of open issues and proposed solutions which could be implemented in the next 18 months.

"Foreign Investors Council proposes reforms beneficial to country and investors, as well as all citizens. FDI represents one of the most important instruments of economic growth and development and positive examples and experiences of our member companies indicate that we are the best possible business ambassadors of BiH. However, in order to realize the potential of the BiH economy and create a positive atmosphere, it is necessary to significantly improve the efficiency of public administration and boldly set off into reform," said the President of the FIC, Mr. Branimir Muidža. Apart from Muidža, the audience was also addressed by Haris Abaspašić, on behalf of the Office of



the Prime Minister of FBiH, Mate Bandur, on behalf of the Office of the Chairman of the Council of Ministers, Head of EU Delegation to BiH Ambassador HE Peter Sorensen, Mission Director of the USAID, David Barth, Governor of the Central Bank of BiH, dr. Kemal Kozarić, Federal Minister of Development, Entrepreneurship and Crafts, Sanjin Halimović and prof. Anto Domazet representative of House of Representatives of the Parliamentary Assembly of BiH. ■



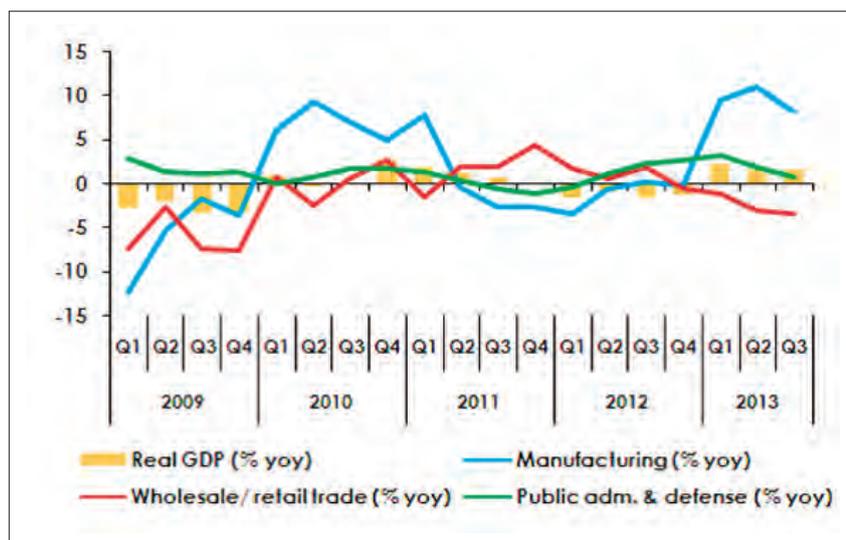
Economic Report – April 2014

Gross Domestic Products (GDP)

In February 2014 the State Agency for Statistics has published the quarterly estimates of B&H GDP

yoy. However, for the overall economy the most significant fall refers to "Wholesale/retail sales" (-2.5% yoy) which is the largest category within the GDP struc-

up by 6.7% yoy driven by "Manufacturing" (+9.5% yoy) and "Electricity, gas and water supply" (+5.6% yoy) while only "Mining and quarrying" posted negative growth rate by 4.0% yoy. To which extent the industrial statistics is vital for the overall economy can be seen just by emphasizing two facts: Industry accounts to around 18% of B&H GDP while 26% of total employees in B&H refer to industry. Therefore, our positive economic outlook for 2014 is especially reliant on expected continuation of upward drift in industrial growth. The industrial activity started the year on a right foot with +3.9% yoy expansion rate in January 2014 and recovery has now stretched to the 14th consecutive month. For the whole year, we reckon on positive growth rate around +4.5% yoy. The usually gloomy outlook for the construction sector (which has been stuck in recession since 2009) finally brightened somewhat in the previous year. More proactive approach in the Corridor VC construction provided positive impulses for the overall construction statistics. Therefore, value of construction works in Federation B&H 2013 went up by 4.5% yoy (fueled by the civil engineering +14.2%), while value of performed construction works in Republic of Srpska registered increase by 0.8% yoy. As for 2014 we expect to see even more vigorous dynamics in the construction sector as in 2013, giving the announced continuation of the infrastructure works in both B&H entities.



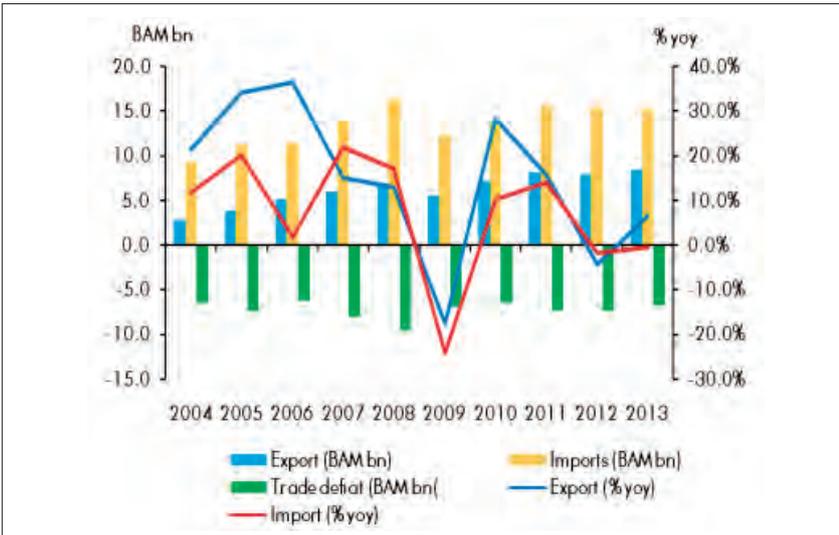
Key GDP categories (% yoy)

for period Q1-Q3 2013, according to which the real GDP growth rate soared by 1.9% yoy slightly higher than we initially expected. Out of nineteen section activities covered by the GDP release, fourteen sections registered upbeat and only five were in recession during mentioned period. In line with our expectations, the strongest growth was registered in industrial categories of "Electricity, gas, steam and air condition supply" (10.53% yoy) and "Manufacturing" (9.67% yoy). Respectable upbeat also came from the "Agriculture" (5.23% yoy), "Financial and insurance activities" (2.53% yoy) and "Administrative and support service activities" (2.97% yoy). It also should be pointed out that the construction sector registered increase by 1.73% yoy over the same period, marking the first positive growth rate in five years. The largest percentage decline was registered in the section "Mining and quarrying" by 6.9%

ture. Hence, our base-line scenario regarding the key drivers of the economic growth proved to be pointing to the right direction, as industry and construction become the main engines of the economic recovery. We now just have to wait for the official figures for the whole year 2013 (mid-2014) to see the magnitude of such economic recovery. Giving the macroeconomic figures for the whole year that we use in our GDP forecasts, we expect that full-year real GDP growth rate will remain at level of 1.9% yoy.

Industrial production and construction sector

In 2013 saw much stronger upturn than expected, once again being the major force behind the economic revival. The upturn was particularly strong in final quarter of 2013 with expansion rate of 8% yoy. Looking at the period from the beginning of the year, industrial production in 2013 went



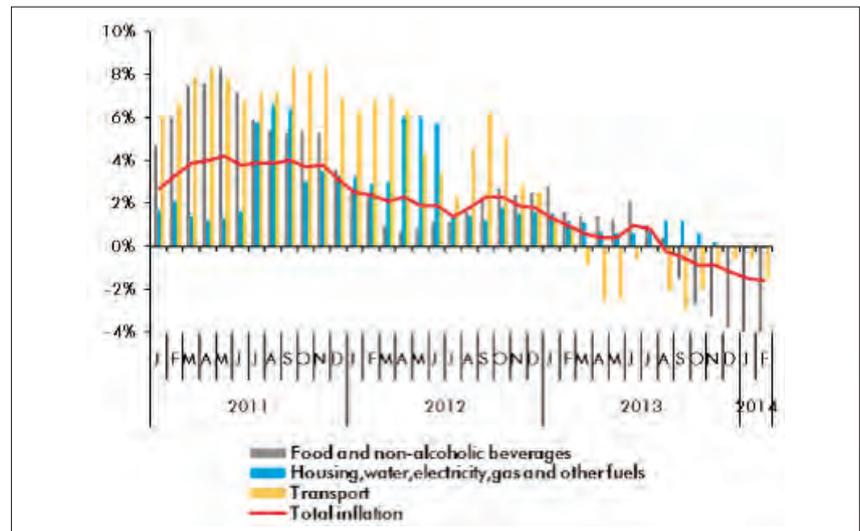
Trade balance of B&H

pushed real GDP up to 1.9% yoy), can solely be owed to increasing external demand for B&H goods. Therefore, looking at the expenditure side of the GDP performance, positive economic momentum can only be attributable to trade balance. According to the official data published by the State Agency for Statistics, the export of goods in the previous year registered an increase by 6.6% yoy up to BAM 8.38 bn which is the highest nominal value of export since the Agency has been tracking B&H's trade balance (2003). On the other hand, the import of goods saw a decline by 0.5% yoy in previous year with a nominal value of BAM 15.17 bn. Consequently, the trade deficit in 2013 fell to BAM 6.79 bn (-8.2% yoy) while export/import coverage came up to 55.2% compared to 51.5% in 2012.

In previous year B&H registered first deflation since 2009

The previous year was also characterized by the downward trend in inflation pressure which consequently led to the first annual deflation since 2009. Explicitly, from +1.3% yoy inflation rate in January 2013, the consumer price index has gradually decelerated during the course of the year,

falling to deflationary territory in August 2013. Consequently, the full-year consumer price index settled at -0.1% marking the first deflation since the start of the financial crisis back in 2009. The main factor behind the relaxing price pressure in 2013 were decelerating food and transport prices, reflecting the international price developments. These two



Key CPI categories (% yoy)

categories account for almost 50% of B&H consumer price index. "Food and non-alcoholic beverages" (around 35% of CPI) in 12 months of 2013 remained flat at 0.0% yoy. "Transport" prices were negative during most of 2013 and

consequently posted overall negative reading of -1.1% yoy. The price decreases were also recorded in categories: "Clothing and footwear" (-9.0% yoy) and "Health" (-1.7% yoy). On other hand, the only category with reported noteworthy increase in prices was "Alcohol and tobacco products" (+6.4% yoy in 2013) as a result of the new hike of excise tax on tobacco products – effective from the beginning of 2013. All in all, the deceleration of the CPI during 2013 reflects two noteworthy trends in economy. On a positive note it reflects the stabilization of the prices on world markets (oil and food) which was the main force behind moderate inflation pressure in 2010-2012. However, it also clearly reflects extremely weak private consumption that still struggles to emerge out of the negative territory in which it has been stuck for almost four years. Deflation has continued in 2014 with a negative reading of 1.5% yoy in the first two months of 2014. However, we see no con-

dition for deflation to remain contained for the full-year as we reckon on several internal and external factors to push CPI back in positive territory (low statistics base, slow recovery of domestic consumption, rising pressure from

BiH ECONOMIC OVERVIEW

the international markets – oil, gas).

Labour market

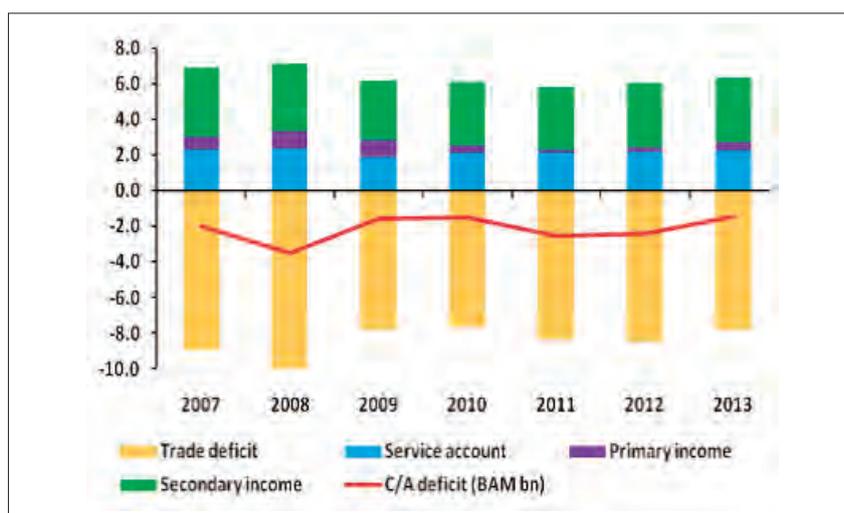
The labour market statistics is still the most burdening indicator of B&H economic framework. At the end of 2013, the official unemployment rate remained at a high level of 44.5% (unchanged from end-2012) with 554k unemployed persons. Labour market shedding has continued during 2013 in most of key real sector categories such as Construction, Retail/Wholesale, Mining and Quarrying and Electricity production. On the other hand, the average number of employed persons in Manufacturing remained unchanged compared to 2012, which can be underlined as the most positive fragment of last year's labour market statistics. Only gains in employment were registered in the Public sector and minor service categories. The depressed labour market can also be illustrated by the fact that as of December 2013 the ratio of workers to pensioners stands at impermissibly low level of 1.07. Worrying labour market figures also colared the beginning of 2014 as the official unemployment rate increased further up to 44.6% in January 2014. Statistics on salaries additionally darkened the labor market picture. In the previous year the average net salary was BAM 827 which is 2.25 times lower compared to per capita indebtedness (retail loans per capita). Highest average net wage refers to Financial sector (BAM 1,336) and lowest to Construction (BAM 532). According to the Labor Force Survey (LFS) (conducted in April 2013), the unemployment rate of B&H is much tolerable at 27.5%, but still represents the third largest unemployment rate in Europe (right after Greece and the FYR Macedonia) while youth unemployment is especially at alarming levels (at 59.1% in 2013). Hence, given the expected revival

in 2014 we anticipate that unemployment rate will decline to 26.5% in this year, marking the lowest unemployment rate in five years.

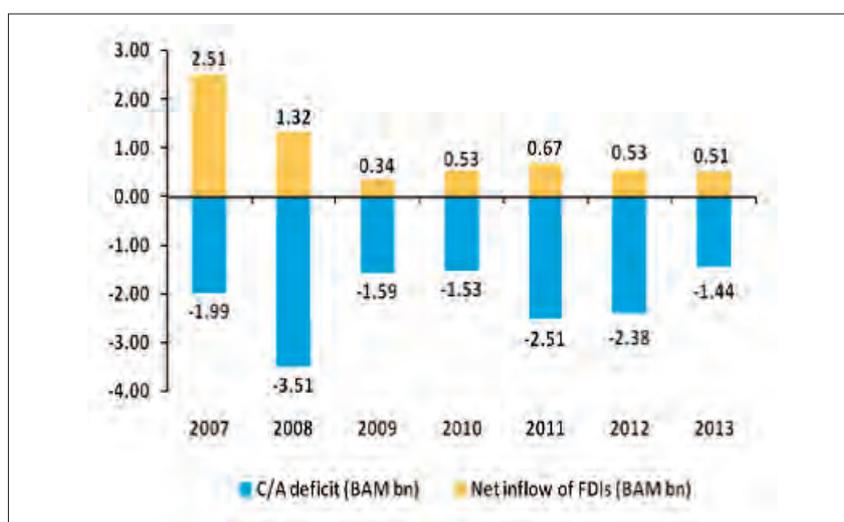
Net inflow of FDIs accounts to 1.9% of GDP

Second semester of 2013 was particularly gloomy in terms of FDIs with only BAM 52.7 mn of FDIs (net value). Hence, for the whole year net inflow of FDIs totalled BAM 507.1 mn (-5.1% yoy) marking the lowest level of FDIs since 2009 (detailed sector and country statistics on FDIs are still not available). Moreover, the net inflow of FDIs as % of estimated GDP for 2013 accounts to a trivial 1.9%. The net inflow of other in-

vestments also declined in 2013 (-14.8% yoy) to BAM 1.16 bn. Regarding the portfolio investments there was outflow of capital in amount of BAM 132.5 mn. Thus, given the surplus on the net errors and omissions account (BAM 365.2 mn), the overall balance of payments came into surplus territory of BAM 792 mn (reserve assets). Hence, the increase of reserve assets was reflected in the increase of investments in securities (BAM 792 mn) and increase in monetary gold (BAM 77.2 mn) while at the same time a decrease was registered in deposits and holding of foreign exchange funds (BAM -116.9 mn) and other reserve assets (BAM -43.3 mn). ■



C/A categories (in BAM bn)



C/A deficit and net FDIs

BiH ECONOMIC OVERVIEW*

Bosnia and Herzegovina	2009	2010	2011	2012	2013e	2014f	2015f
Nominal GDP (EUR bn)	12,4	12,7	13,1	13,1	13,5	13,9	14,8
Real GDP (% yoy)	-2,8	0,7	1,0	-1,1	1,9	1,5	3,5
GDP per capita (EUR)	3222	3298	3418	3415	3561	3661	3891
GDP per capita (EUR at PPP)	7400	7500	7500	7450	7550	7700	7900
Household consumption (real, % yoy)	-4,6	0,1	-0,3	-0,8	-0,5	0,4	1,5
Gross fixed capital formation (real % yoy)	-27,8	-15,9	15,8	3,5	3,5	9,0	15,5
Industrial output (% yoy)	-3,3	1,6	5,6	-5,2	6,7	4,5	6,0
Producer prices (avg,% yoy)	-3,2	0,9	3,7	1,9	-1,8	2,3	2,4
Consumer prices (avg,% yoy)	-0,4	2,1	3,7	2,1	-0,1	1,5	2,2
Average gross wages (LCY, % yoy)	9,2	2,4	6,8	2,2	0,5	3,5	4,0
Unemployment rate (avg,%)	24,1	27,2	27,6	28,0	27,5	26,5	24,5
General budget balance (% of GDP)	-4,4	-2,5	-1,3	-2,0	-1,5	-1,0	-1,0
Public debt (% of GDP)	35,1	38,3	38,9	39,7	41,5	39,6	38,5
Trade balance (% of GDP)	-28,2	-26,3	-28,4	-28,8	-25,7	-26,5	-27,5
Current account balance (% of GDP)	-6,6	-5,5	-9,5	-9,7	-5,4	-8,2	-10,2
Net foreign direct investment (% of GDP)	1,4	1,5	2,1	3,5	1,9	5,0	6,1
Official FX reserves (EUR bn)	3,2	3,3	3,3	3,3	3,6	3,7	4,0
Gross foreign debt (% of GDP)	53,8	57,5	67,0	63,3	62,2	62,0	60,3
EUR/LCY (avg)	1,96	1,96	1,96	1,96	1,96	1,96	1,96
USD/LCY (avg)	1,40	1,47	1,41	1,52	1,47	1,45	1,47

EVENTS WITH FIC MEMBERS PRESENCE

The events attended by FIC members (November 2013. – May 2014.)	Content	Place and time
CEFTA Week Sarajevo - organizer: MoFTER and CEFTA	CEFTA Week in Sarajevo brought together all the relevant actors in the business and political life of Bosnia and Herzegovina and the themes were: the business environment and challenges exporters from Bosnia - ED had a presentation of the FIC activities	Sarajevo, November 2013
Presentation of the "White Book" for the 2012/13 - the organizer: Foreign Investors Council BiH	Official event of promotion/presentation of the most important written product of the FIC - the White Book 2012/13	Sarajevo, November 2014
Promotion of the first edition of the "White Book" of the FIC Croatia	Participation the FIC office representative	Zagreb, November 2013
International Economic Forum - Corporate governance in BiH	President of FIC presented the FIC Association, the White Book and the business environment in BiH	Dubrovnik, December 2013
Meeting of the FIPA Board	Discussion on FIPA's internal activities and the business environment in BiH	Sarajevo, December 2013
Round table on the subject: "Private equity-state and prospects" organized by the Union of Associations of Employers of the Republic of Srpska	Members of the FIC Board presented the WB 2012/13	Banja Luka, December 2013

Source: Raiffeisen Bank Bosnia and Herzegovina: Quarterly Economic Report - Q1 2014

 **EVENTS WITH FIC MEMBERS PRESENCE**

The events attended by FIC members (November 2013. – May 2014.)	Content	Place and time
Working Group for taxes at the Ministry of Finance of FBiH	Para-fiscal burdens and fees in FBiH	Sarajevo, December 2013
AHK annual business event	Assembly and corporate entertainment - participation the FIC members	Sarajevo, December 2013
FBiH Association of Employers - Roundtable Law on Enterprises in the Federation - Challenges in implementation and necessary reforms	Discussion with companies and representatives of business associations in BiH. FIC company members were involved	Sarajevo, December 2013
Meeting with representatives of BOSCH and AHK	Topics: business cooperation	Sarajevo, December 2013
Roundtable: Public procurement in BiH - UPFBiH and NGO Account	Discussion of procedures and proposals for the amendment of the Law on Public Procurement, the presence of representatives of the FIC Office	Sarajevo, December 2013
OHR and the FIC initiatives for members/companies related to the Instruction of the FBiH Government, which prevents "free circulation of goods between markets of FBiH and RS"	Online discussion of the FIC members about this issue	Sarajevo, December 2013
Meeting with USAID Sida GOLD Project chief of the private sector, Aida Soko	Talk about cooperation between the FIC and USAID on the development of companies in the local community BiH	Sarajevo, January 2014
UPF Session: FIC presented the White Book 2012/13	Presentation of the White Book to the representatives of the business community in the FBiH	Sarajevo, January 2014
Deloitte and FIC Conference	Development of small and medium enterprises in BiH	Sarajevo, January 2014
Debate "Jobs in BiH" organized by the World Bank and the BiH Council of Ministers	FIC members participated in the event	Sarajevo, January 2014
FIPA Board Meeting	The plan for next year	Sarajevo, January 2014
The Cooperation Council (CC) regular meeting	Discussion on public procurement	Sarajevo, January 2014
Meeting with representatives of SDC in BiH	Talk about labour law relations, as well as the issues presented in the White Book	Sarajevo, January 2014
Established cooperation with MOFTER regarding amendments to the Law on Foreign Direct Investment in BiH	FIC members become part of the working group that will be consulted on the issue of changes in laws and regulations relevant to foreign investment in MOFTER	Sarajevo, January 2014
FIC Committee on Labour Law, meeting	Talk about the activities of the Committee for 2014 - preparation of training on a specific topic	Sarajevo, February 2014
USAID Sida GOLD Project and the Municipality of Novi Grad Sarajevo meeting	Talk about investments and cooperation with local communities	Sarajevo, February 2014
Chamber of Commerce KS, GOLD, Deloitte and FIC working lunch	Discussion about the problems faced by foreign investors	Sarajevo, February 2014
Meeting with staff of the Ministry of Labour and Social Policy of RS	The White Book recommendations - future cooperation of the RS Government and FIC, harmonization of regulations	Banja Luka, February 2014
Meeting with representatives of the commercial department of Polish Embassy	Talk about obtaining permits and complication of BiH administration	Sarajevo, February 2014
Austria Business Club	FIC members as guests	Sarajevo, February 2014
Meeting with representatives of the Novi Grad/ Municipal Council	Discussion of construction permissions and procedures, based on the recommendations from the White Book	Sarajevo, February 2014
Presentation of the EBRD Transition Report for 2013	FIC members attended	Sarajevo, February 2014
Meeting with a representative of the economic department of USA Embassy in BiH	Discussion on FIC activities	Sarajevo, February 2014
Meeting with representatives of BBI Sarajevo Business Forum 2014	Cooperation established between the BBI forum and FIC	Sarajevo, February 2014
Meeting with Messer BH - Topic: Public Procurement	Discussion about the problems of companies related to public procurement procedures	Sarajevo February 2014

EVENTS WITH FIC MEMBERS PRESENCE

The events attended by FIC members (November 2013. – May 2014.)	Content	Place and time
FIC members meeting/Indirect taxes in BiH	Meeting audit firms / FIC members on the subject of indirect taxes in BiH	Sarajevo, February 2014
Forming an official FIC Committee for obtaining work permits	The official formation of the Committee within the FIC Office that will work on issuing permits for several areas - online activity	Sarajevo, February 2014
Meeting with representatives of the Ministry of Labour and Social Protection of FBiH	Discussion of priorities and recommendations from the White Book 2012/13 in the area of labour law	Sarajevo, February 2014
CFO Conference - Financial Directors' attitudes in Bosnia and Herzegovina - organizer Deloitte	FIC members participated	Sarajevo, March 2014
Meeting of the companies/FIC members with representatives of the economic department of the U.S. Embassy in BiH	Discussion on the cooperation of the local community with foreign companies and the obstacles they face	Tuzla, March 2014
Economic opportunities and challenges in SEE - Conference / organizer AHK	FIC President, Branimir Muidža, panellist. FIC members attended	Sarajevo, March 2014
Consultation with the business community / FIC members and the EU Delegation in BiH	Consultation with the business community/FIC members and the EU Delegation in BiH	Sarajevo, March 2014
Meeting with the Chairman of the Cabinet of Council of Ministers of Bosnia and Herzegovina, Eugen Šušak	Talk about the support of the Council of Ministers, FIC activities, and the implementation of the recommendations from the White Book 2012/13, which is the responsibility of the state ministries	Sarajevo, March 2014
FIC Board meeting	Discussion on the current activities and FIC plans for the period of next 6 months	Sarajevo, March 2014
Meeting with representatives of UNCTAD	Topics of discussion: Creating a legal and institutional framework for investing in BiH	Sarajevo, March 2014
UK Business Club reception	FIC members present – companies' networking	Sarajevo, March 2014
Meeting with representatives of the Public Procurement Agency of Bosnia and Herzegovina	Topic: new amendments to the Law on Public Procurement in BiH Topic	Sarajevo, March 2014
The panel on the subject of termination of employment by the employer organized by FIC	Panel discussion with employers / companies and institutions from both entities in charge of labour issues and legal issues	Teslić, March 2014
Meeting with representatives of the EU department of labour legal relations	Topic: recommendations from the White Book concerning labour-legal relations and future cooperation	Sarajevo, April 2014
Meeting with an advisor of the BiH Minister of Finance and Treasury, Miroslav Tomić	Talk about the future cooperation between FIC and the ministry, as well as support to the preparation of activities related to indirect taxation in BiH	Sarajevo, April 2014
Assembly of the FBiH Employers Association	FIC members participated	Sarajevo, April 2014
AmCham and GOLD roundtable discussion on "The flow of foreign investments in BiH and review of the business climate"	FIC members participated	Sarajevo, April 2014
Meeting of the MOFTER working group on the topic of amendments to the Law on foreign direct investment - restrictions on investments in the media	Representatives of the FIC Office participated	Sarajevo, April 2014
Meeting with Assistant Minister of Environment and Tourism, Mladen Rudež	The theme of the meeting: recommendations from the WB 2012/13 - sections environmental license and future cooperation	Sarajevo, April 2014
Meeting with a representative of the Association of Employers' FBiH, Seid Fijuljanin	Future cooperation between FIC and AEFBiH	Sarajevo, April 2014
Presentation of the key recommendations from the White Book 2012/13 at the session of the Committee for Economy and Finance of FBiH Parliament	Presentation of recommendations and discussion on the adoption of laws on business registration and business enterprises on an expedited basis	Sarajevo, April 2014
Meeting with the IFC representatives	E register and removing obstacles in obtaining permits in BiH	Sarajevo, April 2014

OUR ACTIVITIES AND ACCOMPLISHMENTS

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



WHITE BOOK

The White Book is a publication produced on an annual basis by the FIC. Its purpose is to provide BiH authorities with a prioritized agenda of reforms in order to address key obstacles for investments. The FIC

has published four editions of the White Book. It is the most relevant written product of the FIC. Also, represents an official document recognized by BH governments as a platform for reform process in BiH. ■



FIC Members

