



Foreign
Investors
Council

YEARBOOK

2018

12
years

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**YEARBOOK
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Word of the FIC President

Dear members, partners and friends,

Welcome to the pages of FIC Yearbook a revised and edited version of the FIC activities in period January – December 2018 and relevant info for the foreign investors present in Bosnia and Herzegovina (BiH). This year, we celebrate 12 years of active work in BiH, which is a remarkable achievement for the Foreign Investors Council. Since 2006, FIC has remained a unique non-governmental and independent association that actively lives its mission - proposes very concrete solutions that arise from the dialogue between the private and public sectors and as a result we have a continuous contribution to the economic progress of BiH. The unique voice of investors, togetherness and association are the key elements of the FIC growth which, from the good idea and the small dedicated team, has grown into a credible, innovative and significant partner at all levels of government in the country in the ever-growing reform processes they are undertaking. From today's perspective, FIC has 70 members who have invested more than 70% of total direct foreign investment in BiH, more than 50 projects, and huge support from domestic and international community. Our hardworking team, creativity and expert support of our members, the generous support of the international community, government members and politicians who recognized the power of our concept, have made this partnership of civil, public and private sector one of the key pillars of BiH's transition to more efficient market economy. I use this opportunity to thank all our members, partners and associates who have contributed to the development and growth of our association in the past 12 years. One of the key factors that has contributed to the success of our association is precisely that it has developed a platform for dialogue in which the interests of all stakeholders are taken into account. FIC has built a culture of communication, versatile problem-solving approach in order to identify sustainable solutions acceptable to everyone. In the past 12 years, FIC has never been involved in a problem or criticism, if at the same time has not proposed a solution. BiH is still a country in which many laws remain unenforceable, country which has fragmented political system, overlapping jurisdiction, a country burdened with the inefficiencies of public administration, corruption and gray economy, but in contrast to this picture, this country can be quite different. We will continue to promote a sustainable business environment through open dialogue with the authorities and other interested parties. In addition, FIC will continue to be a point of contact for the private sector to make the BiH economy more flexible, more competitive, more open to investments, for the benefit of companies operating here and all people living here.



Branimir Muidža, president of FIC BiH

Sincerely,

Branimir Muidža

FIC President

III. session of the FBiH Council for Foreign Investors

FIC as a member of the Council for Foreign Investors established by the FBiH Government is in regular contact with relevant ministries and various stakeholders in monitoring economic development and taking concrete actions in providing support and advice to investors, with the ultimate aim of assisting investment promotion and promoting the overall improvement of business environment for investors, as well as a closer co-ordination and co-operation between FBiH, cantonal and local institutions in the field of investment. Removing administrative and other obstacles to increase foreign investment in Bosnia and Herzegovina, was the main theme at the third

session of the Council for Foreign Investors of the Federation BiH, led by Federal Trade Minister and President of the Council, **Zlatan Vujanović**. This advisory body, appointed by the FBiH Government in January this year, aims to help and encourage foreign investment and improve the overall business climate for investors and to further coordinate and co-operate with federal, cantonal and local institutions in the area of investment. As President **Vujanović** pointed out in the information on the activities of the Council since its founding, much has been done to create a more favorable business environment and highlighted the problems that arise in practice and

which must be avoided in order to attract foreign investors. President of FIC, **Branimir Muidža** pointed out the key recommendations on how to improve business environments in BiH and asked FBiH Government to undertake concrete measures in this regard. ■



FIC was presented to businessmen from Sweden

On February 15, 2018, FIC representatives held a working meeting with businessmen from Swedish companies operating in BiH, in Embassy of Sweden in Sarajevo. The meeting was attended by representatives of 20 Swedish companies and **Sanja Miović**, FIC executive director. **Miović** presented activities of the

Foreign Investors Council in BiH, the results of the Business Barometer and gave an overview of advocacy activities of the Council members and recommendations identified in White book. As a continuation of the cooperation between FIC and Embassy of Sweden, in June was held a conference at the Foreign Trade Chamber of Bosnia and

Herzegovina, named "Visions for the future – Sweden and Bosnia Herzegovina's trade partnership 2018 and beyond". Director of FIC, **Sanja Miović**, took part in one of the panels at this conference on the possibilities of intensifying trade cooperation between Sweden and BiH and more active inclusion of diaspora in economic flows. ■

Support to DeveloPPP - GIZ Regional Project

FIC has become a partner in implementing the regional project DeveloPPP. The project leader is the GIZ Open Regional Fund (ORF MMS), which is aimed to support the Business Friendly Certified (BFC) Municipalities and Cities in the Region. DeveloPPP is a program initiated by the German Ministry of Economic Cooperation and Development (BMZ) and is intended for compa-

nies / businesses from Germany or some other EU country, including EFTA countries, Switzerland, Great Britain, etc., which must have at least 25 % of German or some other EU country ownership stake. The program is primarily designed for investors to help them enter new markets or expand their network and activities if they are already doing business in developing countries.

The highly desirable project design is when project activities involve public institutions as partners, such as municipalities, schools, faculties, NGO sector etc. ■



Economic Forum of BiH

On February 15, the Economic Forum was held in Sarajevo. FIC president, **Branimir Muidža** was a participant of the panel entitled “Rule of Law and Legal Security - the basis of investment and development”, together with the main actors of the judicial system in BiH, the President of the High Judicial and Prosecutorial Council of BiH, **Milan Tegeltija**, President of the Court of BiH, **Ranko Debevec**, and Director of Indirect Taxation Authority of BiH, **Miro Džakula**. The Forum was organized by the Faculty of Economics of the University of Sarajevo, under the patronage of the Chairman of the Council of Ministers, **Denis Zvizdić**. In addition to the regular annual report on the competitiveness of the countries in our region, special attention was paid to



the public-private partnership in the function of infrastructure projects, the rule of law and legal security as development and investment conditions, as well as the accreditation of faculties as a competitive advantage on the market. The Forum's goal is to establish a dialogue and improve the economic and business environment in Bosnia and Herzegovina and the region. This year, 500 partici-

pants attended the Forum, including representatives of governments, academia and business community. The Forum was opened by the Dean of the Faculty of Economics, **Kemal Kozarić**, Chairman of the Council of Ministers, **Denis Zvizdić** and EU Special Representative and Head of the European Delegation to BiH, **Lars Gunnar Wigemark**. ■

BBI VIP Business Club round tables in Mostar and Banja Luka

“How to increase the competitiveness of the economy of Mostar and Herzegovina region - internationalization of business, development opportunities, finding investors and opening up new markets” was the topic of the round table held on March 8, 2018 organized by BBI Bank and BBI VIP Business Club in Mostar,

in cooperation with Economic Chamber of Commerce of FBiH, Economic Chamber of the City of Mostar, Regional Association for Economic Development of Herzegovina - REDAH and Foreign Investors Council. The round table was attended by around 80 businessmen from this region. A similar forum was held in Banja

Luka on 22 March 2018 on “How to increase the competitiveness of Banja Luka region's economy in cooperation with the Regional Chamber of Commerce of Banja Luka, the Union of Employers' Associations of Republika Srpska, the Development Agency of City Banja Luka and Bosna Bank International. ■

Meeting with World Bank representatives

On 21 March 2018 was held a meeting in Sarajevo between representatives of the FIC and World Bank delegation who working on the Commercial Justice Technical Assistance Program. The topic of the meeting was business challenges of entrepreneurs, lawyers, investors in commercial disputes. The visit of World Bank officials aimed to meet with representatives of BiH institutions and entities, business organi-

zations and the non-governmental sector to discuss key issues in creating a favorable business environment, opportunities for job creation, and how current and future World Bank Group programs can improve these processes and contribute to the removal of existing obstacles. At the meeting, it was jointly stated that it is necessary to significantly accelerate the change of legal regulations to improve the business envi-

ronment with a special emphasis on rule of law and the creation of legal certainty for foreign and domestic business entities, in order to attract necessary foreign investments. A special part of the discussion is devoted to the review of the business climate and FIC's cooperation with authorities at all levels, institutions and other partners. ■

Start Me Up - Conference and Competition

The first conference called Start Me Up was held on 21 February in Sarajevo, organized by the Representative Office of the German Economy in Bosnia and Herzegovina (AHK BiH) and the University of Burch, on which was described the complete process of starting a start-up company in Bosnia and Herzegovina. The focus of the conference was to attract and encourage young people, especially students, to devise their own ideas for business and boldly step in to their implementation. AHK BiH and Burch University have invested a lot of effort in organizing an event that will provide this target group with the necessary input information. Participants who have a significant influence in this business segment have had a word at the event with lectures that were addressed to a wider auditorium composed of students and high school students as

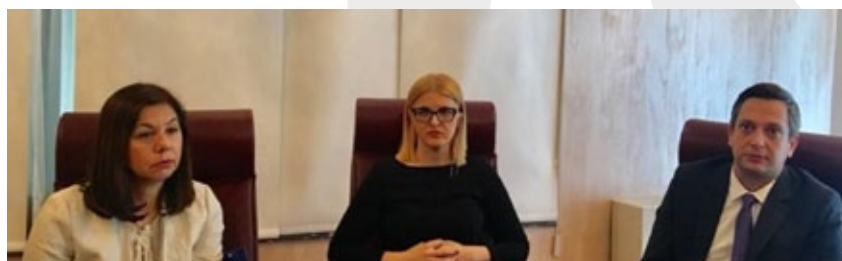
well as business representatives. The Association of High School Students in Bosnia and Herzegovina (ASU BiH) was a partner of the conference, bringing young people who had the opportunity to consider establishing a start-up company as an option for the future. Along with a panel discussion on this topic, the conference also covered the competition of previously selected student

teams who presented their ideas for start-ups. The strategic partners of the conference were the Stirling Education Group from the United Kingdom and the British Embassy in Sarajevo. FIC president, **Branimir Muidža** was also the president of the jury of this important competition, and awarded the winners with cash prize provided by the Foreign Investors Council of BiH. ■



FIC organized a GDPR conference

On May 10, 2018, at Bristol Novotel Hotel in Sarajevo was held a joint conference of the Foreign Investors Council, Wolf Theiss and Microsoft BiH, entitled **“Application and challenges of the new EU data protection legislation and its implications to BiH”**. The purpose of the conference is to present to the BiH public the provisions of the General Data Protection Regulation (GDPR), which began to apply in European Union on 25 May. The General Data Protection Regulation is one of the most important international act in the area of personal data protection. The territorial validity of this Act has been extended, and the Regulation also applies to the processing of personal data in the European Union carried out by a handler or data processor without a head of-



fice in the European Union if activities related to the provision of goods and services to persons in the European Union or by monitoring their behavior as long as their behavior takes place within the Union. This practically means that businesses with headquarters in Bosnia and Herzegovina must also comply with the rules of the Regulation if they handle personal data in the European Union under the above mentioned conditions. Given that Bosnia and Herzegovina is obliged to align its legislation with the laws of the European Union, this conference served to inform the public of the importance of GDPR, the obligations

and the impact this act will have on non-EU countries, and what impact will it have on BiH citizens and other stakeholders, primarily the economy and public authorities of Bosnia and Herzegovina, whose duty is to protect the rights of the individual. The key speakers at the conference were specialists in the area of personal data protection (representatives of the BiH Agency for Personal Data Protection, representatives of the law firm **Wolf Theiss** from Vienna and representatives of Microsoft BiH). The conference were also attended by representatives of the business community, academia and diplomatic corps in BiH. ■

The 21st International Economy Fair - Mostar 2018

In this year's International Economy Fair Mostar which was held from 10 to 14 April, FIC representatives took part in panel discussions and conferences related to investments, European funds and cross-border cooperation, which were held within the fair. According to the organizers, the fair has made a big step in the organizational sense. Credits for this

largely belong to the partner country Republic of Serbia, which presented the best of its economy at the fair. On this occasion, Serbia has given a lot of exceptional cultural events to the citizens of Mostar and visitors to the fair. The fair was the site of an entrepreneurial networking, which resulted in numerous business deals among exhibitors, such as a contract

between Croatia Airlines and Mostar Airports on low fare flights, a contract between the FBiH and Croatia Chamber of Commerce, the partnership agreement of HT Eronet, Ericsson and University of Mostar. Beside Serbia, exhibitors from 20 other countries, including the countries of the region, China, Hungary and Italy, were present at the fair. ■

FIC partner of Sarajevo Business Forum 2018

Representatives of the Foreign Investment Council participated on 9th Sarajevo Business Forum 2018 (SBF), the leading business and investment conference in South East Europe, which was held in Sarajevo on 25 and 26 April, under the motto "One region, one economy". The Sarajevo Business Forum 2018 brought together representatives of institutions from the region, chambers of commerce and companies, as well as representatives from the state and private sectors. This conference was an extraordinary opportunity to create contacts and partnerships thanks to which were launched numerous successful business stories. This year's Forum included many speakers and state leaders: BiH Presidency Chairman **Bakir Izetbegović**, President of the Republic of Slovenia **Borut Pahor**, Chairman of the Council of Ministers of Bosnia and Herzegovina **Denis Zvizdić**, Deputy Prime Minister of Turkey **Mehmet Simsek**, Deputy Prime Minister of Serbia **Rašim Ljajić**. FIC president, **Branimir Muidža** was a speaker on the Forum's 1st panel entitled "Western Balkans Six Regional Economic Area - Thriving with the EU", where also participated **Doris Pack**, President of the European People's Party and former Chairman of the European Parliament's Committee for South

East Europe, **Zdravko Počivalšek**, Minister for Economic and Technological Development of the Republic of Slovenia, **Mirko Šarović**, Minister of Foreign Trade and Economic Relations of BiH, **Sujevan Satheesan**, Head of Infrastructure and Access to Finance, for the British Foreign Affairs Office, **Guido Clary** on behalf European Investment Bank, **Zdenko Lucić**, a representative of the Prime Minister of the Republic of Croatia and Head of the Croatian Investment and Competition Agency, and **Duško Knežević**, founder and president of Atlas Group Montenegro. The importance of the SBF for regional development was recognized by **Ibrahim Al Omar**, the Saudi Arabian General Investment Authority (SAGIA), Vice-President of the Montenegrin Parliament Assembly **Branimir Gvozdenović**, former Croatian President **Stjepan Mesić**, **Lars Gunnar**



Wigemark, Head of the European Union Delegation in BiH, President of the Business School Bled (IEDC) from Slovenia **Danica Purg** as well as many other representatives of political and business scene. Expressing interest for cooperation and investment in the region, the Forum was attended by a delegation from Indonesia, Bahrain, United Arab Emirates, Saudi Arabia, Malaysia, Turkey, Japan, Pakistan and others. ■



Energy Summit in Neum

FIC representatives took part in the 4th Energy Summit which was held in April 25-27, 2018 in Neum, jointly organized by the USAID Energy Investment Activity Project (EIA) and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), through its projects “Promotion of Renewable Energy Sources in BiH” and “Promotion of Energy Efficiency in BiH”, under the auspices of the Ministry of Foreign Trade and Economic Relations of Bosnia and Herzegovina, the State Electricity Regulatory Commission, Republika Srpska Energy Regulatory Commission and Regulatory Commission for Energy in Federation BiH. The Summit brought together four hundred greatest experts in the electricity

sector as well as decision-makers who discussed the solutions to all current problems in the sector that has enormous potential for economic development in Bosnia and Herzegovina. The key topics of the 4th Energy Summit panels were: the sustainable development of Bosnia’s energy sector, gas and coal as energy products, energy market, investment climate in Bosnia’s energy sector and the regulators as the backbone of the energy sector development and their role in energy efficiency. The energy sector is one of the most dynamic economic sectors in BiH, and with the right political decisions, the reforms and changes recommended at the summit could drive economic develop-



ment in BiH on its path to the EU and self-reliance. The summit is the only annual event in which representatives of state and both entity institutions gather to discuss and agree on energy-related issues with experts from the region and worldwide. In addition, a training for media representatives was organized in order to familiarize them with all the topics relevant to the energy sector so to enable them to report to the public about these processes. ■

FIC partner of Jahorina Economic Forum

The Association of Economists of the Republic of Srpska SWOT, in cooperation with the Association of Economists of Serbia and under the auspices of the President of Republic of Srpska, **Milorad Dodik**, organized the third “Jahorina Economic Forum” entitled “Regional cooperation as an important lever of economic development for SEE countries”. The Jahorina Economic

Forum 2018 was held from 3 to 4 May in Jahorina, at the Termag Hotel. FIC executive director, **Sanja Miović**, FIC BoD member, **Mubera Brković**, and representative of the company Mastercard, **Jelena Ristić** were participants in a panel discussion on gray economy, which was held within the forum. The past two forums have caused tremendous attention to expert commu-

nity, but also to the general public. This confirms the fact that Jahorina Economic Forum in 2018 brought together more than 400 local and foreign participants. In previous forums, among others, speakers were: Republika Srpska president **Milorad Dodik**, BiH presidency member **Dragan Čović**, Republika Srpska prime minister **Željka Cvijanović**, head of EU delegation to BiH and EU special representative in BiH **Lars Gunnar Wigemark**, former president of Bundesbank **Ernest Welteke**, minister of economy of the Republic of Serbia **Goran Knežević**, deputy general manager of the Shanghai Stock Exchange **Zhou QingYe**, US-German free journalist, historian and economic researcher **William Engdahl**, director of the European Bank for Reconstruction and Development in Bosnia and Herzegovina **Ian Brown**, president of China Shandong, International Economic & Technical Cooperation Group, **Cai Kunte** and many other participants. ■



FIC partner of Branding Conference

The eight Branding Conference, organized by Via Media Communications Agency, was held on June 1, 2018 in Sarajevo. This year's conference was attended by some of the biggest names in the field of branding, marketing, communication and media. "RESHAPE BRANDS" this year's slogan is inspired by the challenges of modern business that all brands and companies face all over the world and also locally. This year, attention was drawn to world-renowned brand names, marketing communications, media and experts

who shared their business experiences. As part of this conference, two panel discussions were held, which provided answers to the question of how important it is to be authentic on the market today. The Branding Conference aims to increase the awareness of local companies about the importance of branding and its impact on the development of the BiH economy and to involve students and the academic community. Via Media's CEO and founder **Vesna Beganović** stressed the Branding Conference in Sarajevo is an oppor-



tunity for Bosnian companies to be more competitive in the world. In addition to numerous companies that support the Branding Conference, since 2017 the partner of the conference is the FIC BiH. ■

FBiH Council for Foreign Investors held a meeting at the Kakanj cement factory

The fourth session of the Council for Foreign Investors, chaired by Federal Trade Minister **Zlatan Vujanović**, was held on July 4th in the company of Kakanj Cement Factory, member of HeidelbergCement Group. This advisory body, appointed by the Government of FBiH, aims to help and encourage foreign investments and improve the overall business environment for investors and to further coordinate and co-operate with the federal, cantonal and local institutions in the area of investment. On behalf of the host Kakanj

Cement Factory, the CEO and president of the Foreign Investors Council in Bosnia and Herzegovina, **Branimir Muidža**, addressed the participants. Stressing the basic characteristics of the profile of this successful company, which, among other things, has invested heavily in the protection of the environment in Kakanj. *"The encouraging fact that so far there has been no withdrawal of foreign investments from BiH, investors have confidence in our market, but more effort is needed to make it more attractive to investors,"* said **Muidža**. He



also presented a publication of the BiH Foreign Investors Council, Business Barometer, which presents the research results of the FIC membership, which brings together 70 foreign and domestic companies from various sectors of the economy that have invested more than 9 billion convertible marks and employ more than 20,000 BH workers. **President Vujanović** presented the encouraging fact of this research, that foreign investors do not seek state incentives for their business, but only a more favorable business environment. Deputy Chairman of the Council and Federal Minister of Development, Entrepreneurship and Crafts **Amir Zukić** spoke about administrative barriers to foreign investors, expressing hope and confidence that all laws will be adopted by the end of the mandate of this federal government to facilitate the registration of domestic and foreign companies. ■



Launch of the 2nd FIC Business Barometer and celebration of 12 anniversary of the FIC in BiH

On July 3, 2018, the Foreign Investors Council (FIC) presented the 2nd edition of the FIC Business Barometer which reflects the position of the FIC members that account for 70% of the total foreign investments in BiH. The results of the research conducted among the FIC members will be used to improve the business environment, the regulatory framework, the efficiency of the administration, as well as the position of both domestic and foreign investors in Bosnia and Herzegovina. The FIC expects the results of the research to be used as a basis, a roadmap and a focal point for making future decisions and economic policies, including tax and contribution policies, improving the rule of law and encouraging investment in BiH, ultimately resulting in faster and higher growth of gross domestic product, employment and standards of citizens of Bosnia and Herzegovina. The FIC on this occasion also celebrated 12 years of active work and joint cooperation on improving the business climate and economic environment in Bosnia and Herzegovina. The FIC is a unique non-governmental and independent association that actively lives its mission - proposes very concrete solutions that arise from the dialogue between the private and public sectors and as a result they have a continuous contribution to the economic progress of Bosnia and Herzegovina. The unique voice of investors, togetherness and association are the key elements of the FIC growth which, from the good idea and the small dedicated team,

has grown into a credible, innovative and significant partner at all levels of government in the country in the ever-growing reform processes they are undertaking. In addition to the representatives of the FIC companies, the gathering was attended by the Chairman of the Council of Ministers of BiH, **Denis Zvizdić**, Head of EU Delegation to BiH, **Lars Guner Wigemark**, and a large number of senior officials, representatives of state and entity governments, the media, educational institutions, diplomatic corps, chambers of commerce, European Union delegation and other international and development agencies operating in BiH whose goals coincide with the goals of the FIC in the direction of creating a more favorable business and living environment. By its continuous activities to eliminate and identify the barriers crucial to further development of the economy and to stimulate investment through the provision of support for reforms, the FIC positioned itself as a legitimate representative of foreign investors in Bosnia and Herzegovina as well as a key supporter, partner and interlocu-

tor to government officials and coordinator of advocacy and initiation of changes for the development of the economy and attracting foreign investments. On this occasion President of the FIC, **Branimir Muidža**, said: *"Thanks to the "White Book" and "Business Barometer" and through open dialogue we continually provide input to the authorities in BiH regarding the main obstacles that investors face every day while, at the same time we offer concrete recommendations and solutions for the same obstacles to prevail, all with the aim of creating a more favorable, predictable and stable business environment, as well as creating conditions for attracting foreign direct investments. All this is in the interest of both investors and citizens of BiH, because the adoption of our initiatives would lead to additional economic growth, employment and higher citizens' standards. That is why we expect political determination, more concrete and bold economic measures, and every new decision and tax solution to be more favorable for the companies. Economy in BiH can and should be better".* ■



Meeting with representatives of the BiH Ministry of Human Rights and Refugees

FIC Executive Director **Sanja Miovčić** held a meeting with representatives of the Immigration Department of the BiH Ministry of Human Rights and Refugees. The participants of the meeting discussed the activities that the ministry has carried out in the area of investment and diaspora, and the establishment of cooperation with the Foreign Investors Council of BiH. Head of Department for Economic, Educational, Scientific and Cultural Cooperation **Isma Stanić** met Director **Miovčić** with a new ministry proj-

ect, a web portal for the diaspora, whose goal is to create a platform for two-way communication between organizations and individuals of BiH diaspora among themselves as well as with institutions, private sector, civil sector and individuals in BiH. Through the web portal, BiH Diaspora members will have the opportunity to share their experiences gained abroad, their ideas, activities and knowledge in their areas of expertise, to achieve virtual exchange and transfer of knowledge and skills, and

to promote diaspora initiatives for the development of Bosnia and Herzegovina. The web portal enables a virtual environment where users can communicate in accordance with the principles of social networks, join different interest groups, have access to the necessary information depending on the role they have on the portal. The web portal represents the core of the social, cultural and economic life of the Diaspora, which forces the community to unite those who are displaced throughout the world. ■

FIC included in a State Strategy for the IT Sector Development

Team leader of FIC working group for ICT sector **Lana Sarajlić, Hajdi Mostić** from the FIC member company TELEMACH, and FIC Executive Director **Sanja Miovčić** held a meeting with representatives of the BiH Ministry of Transport and Communications. The main topic of the meeting was the preparation of the new State Strategy for the IT Sector Development, as the previous State Strategy for the Development of the Information Society expired seven years ago and was implemented at a very small

percentage. They also discussed the changes in the current regulations i.e. the adoption of new regulations in IT and telecommunications sector, including the implementation of the Action Plan for the Implementation of the BiH Electronic Communications Sector Policy for the period 2017-2021, and the status of implementation of the Electronic Signatures Act in BiH and relevant by-laws. At the meeting it was agreed that FIC members should be consulted during strategy development, since it is a



very important document that regulates application of information technologies in all areas of society: health, justice, education, science and culture, in development of electronic commerce, especially in the business sector with a priority task of developing start-ups and innovative companies, human resources development, cross-border software exports and intellectual property protection of software and digital content. ■

FIC agreed cooperation with the FBiH Center for Judicial and Prosecutorial Training

In accordance with White Book recommendations implementation, the FIC working group in charge of identifying the problems and implementing recommendations for Rule of Law area has recognized the interest and the need for organizing a meeting with representatives of the FBiH Center for Judicial and Prosecutorial Training (CEST). In this regard, the members of the working group held

a meeting with CEST Director **Arben Murtezić** and his advisers on the topic of specialization of judges and courts in commercial cases as well as other issues important for the creation of a more efficient judicial system that will contribute to easier business for foreign and domestic investors, and through a joint dialogue try to create more favorable solutions that will improve the in-

vestment environment in BiH. Representatives of CEST have proposed concrete cooperation and support to Foreign Investors Council of BiH in the conduct of specialist training for judges from certain economic fields, which will be realized through the joint preparation of a special manual for judges in commercial court departments. ■

FIC consulted for the development of the Regional Investment Policy Reform Agenda

Within the Summit held on July 12, 2017 in Trieste, leaders of six Western Balkan countries (WB6) have approved the multi-annual Action Plan on the Regional Economic Area in the six Western Balkan countries (MAP). MAP actions have been designed to help the private sector in the economic market that encompasses nearly 20 million consumers and to redirect development models to sustained and long-run economic growth. Co-ordination of the MAP has been entrusted to the Regional Cooperation Council (RCC) with the aim of facilitating the free movement of goods, services,

capital and highly qualified labor, making the region more attractive for investment and trade. As part of these efforts, since 2017, Western Balkan countries have been able to develop a Regional Investment Reform Agenda (RIRA), which was officially adopted at the Ministerial Meeting of the Investment Committee of SEE on May 11, 2018 in Tivat, and subsequently confirmed by foreign ministers of economy during a meeting in Vienna on July 4, and regional prime ministers at a meeting held on July 10 in London. These events started its implementation. With the official establishment of

RIRA, the development of Action plans for investment policy for individual economies started consultations held in Sarajevo on October 29, 2018 organized by RCC. FIC Executive Director **Sanja Miović** attended the consultations on behalf of the Foreign Investors Council of BiH, together with other representatives of regional FIC offices. Consultations were held to ensure the highest quality of the RIRA and to observe the obstacles identified in the White books of regional Foreign Investors Councils, as well as the reform priorities identified by the countries of the region. ■

FIC participated in the Fourth Sarajevo Arbitration Day conference

The Association ARBITRI, with the support of the Foreign Investors Council of BiH and other partners, organized a fourth annual arbitration conference on October 24, 2018 at the Hotel Europe in Sarajevo. This is now a traditional project of the Association, which aims to promote arbitration among the business and legal community in BiH and provide a platform for networking between local and international practitioners in the field. The topic of the Fourth Sarajevo Arbitration Day conference was: "Investment Arbitration in Bosnia

and Herzegovina: Lessons learned and the path forward" A particular emphasis was on efficient managing of investment projects in BiH, especially in the context of complex construction and energy projects, while having in mind the need for capacity building to guide and implement the said projects. This conference is a step toward preparing practitioners, arbitrators, and other interested parties for the necessary changes. The conference gathered experienced experts in the field of international arbitration that discussed topics which



are relevant to the B&H market. In four panels, the speakers firstly discussed the current investment climate in B&H, the current trends and path forward. The second discussion was focused on challenges and best practices in infrastructure disputes, followed by a debate on energy, infrastructure and other concession granting agreements, and arbitration. The discussion ended with a workshop on practical aspects of investment arbitration. On behalf of FIC, executive director **Sanja Miović**, participated at the panel discussion and presented recommendations from the Rule of Law chapter of the current White book. On that occasion, **Miović** emphasized the importance of arbitration as the most reliable dispute resolution mechanism for investors and multinational companies. ■



Partnership with the Project “100 largest in BiH”

This year, Foreign Investors Council of BiH supported the project “100 largest in BiH”, organized by “Poslovne novine”. At the gala ceremony held on September 28, 2018, special acknowledgments were made to companies for the results achieved in the previous year and a remarkable contribution to the development of the Bosnian-Herzegovinian economy. In addition to the award, the most successful companies are presented in a unique special edition of “The 100 largest in BiH” publication and promoted through a multi-month media campaign. The aim of the project is the promotion of companies that are the bearers of our country’s economic development, whose product and service quality is recognized and acknowledged in the world market. Through its 46 years of existence, “Poslovne novine” has recognized the importance of promoting companies that contribute to creating a more favorable business climate through their actions and top-notch results and create a positive opinion of the domestic and world public on BiH’s economy. The ceremony was attended by the president of FIC, **Branimir Muidža**, who pointed out that this project has made an outstanding contribution to promoting a positive business environment in BiH by awarding the best companies who are also the best ambassadors of the business potential of this country which is very important for attracting new investors in BiH. *“This acknowledgment of BH companies is recognized as an example of good practice when it comes to access to responsible business, employee relations and the community, as well as confirmation that these companies are an excellent place to work which is additional motive for their further development”*, **Muidža** said. As part of the “100 largest in BiH” project, were organized a panel conference



in Sarajevo and a round table in Banja Luka, bringing together leading exporters. Such events will in future be a gathering place for “Club 100” participants, which will analyze the current state of the market, exchange experiences, send clear messages to the public and provide guidelines for improving the economic environment in BiH. The special award “Stamp of the 100 largest in BiH” is awarded to the best and most successful companies according to all criteria. “Stamp of the 100 largest in BiH” provides a guarantee of success and sends business partners and the wider social community a confirmation that it is a company that is committed to development. It is also a signal to potential investors to recognize business opportunities

and to realize new projects in BiH. Among the winners of this prestigious acknowledgment were the following members of FIC: **Holdina** in the category of large companies that had the highest income; **Heta** in category of medium-sized companies that achieved the highest profit; and **Arcelor Mittal** in category of large companies that achieved the greatest performance in export. ■



FIC participated at the Conference on Public-Private Partnerships

Representatives of the FIC Executive Office and members of the FIC participated, from 17 to 19 September at conferences and workshops on successful implementation of the Public Private Partnership Model (PPP) in Bosnia and Herzegovina, organized by the International Financial Corporation (IFC) and the State Secretariat for Economic Affairs (SECO) of Swiss Federation. It is emphasized that BiH, if it wants to achieve the stated goals of sustainable development, should invest more than billions of convertible marks in the next two decades in or-

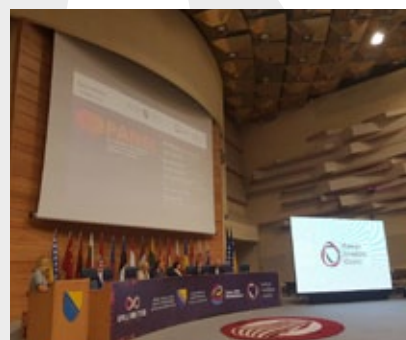
der to achieve a higher level of quality of public services, such as communal, health, transport, energy and others. More than 150 participants from 15 countries participated in the conference. Case studies have been analyzed and the possible directions of project implementation are presented to inform participants and the general public of the benefits that private sector engagement has in financing the public needs of society and thus to improve the quality of life of BiH citizens. Legal, procedural, political and social obstacles were also considered, and solutions

were offered for a more efficient application of the PPP model in BiH. It is underlined that, during limited resources, government representatives should form partnerships with the private sector to take advantage of the potential to reduce poverty and promote sustainable development. Both, the business sector and the society as a whole must benefit from such partnerships - providing quality service to citizens, managing resources more efficiently. Responsible, transparent and efficient application of the PPP model can be a generator of BiH development. ■

FIC participated at UNLIMITED Forum 2018

The BiH Foreign Investment Council participated in the most dynamic event this year in Sarajevo, the third largest regional innovation, technology and entrepreneurship forum for Southeast Europe, **Sarajevo Unlimited**, in the period from 5 to 7 November. The third edition of the Sarajevo Unlimited Forum organized by FIC member, company Networks, brought with itself the initiative of CEEC 16 + 1 (Initiative of the Central and Eastern European Countries and China), i.e. the union of 11 EU countries and 5 countries of the region with the aim of enhancing cooperation in the fields of innovation, technology, science and entrepreneurship. There were 400 foreign delegates (100 from the People's Republic of China and 300 delegates from 16 Baltic countries and regions) and representatives of businesses (60), state institutions, governments and ministries in charge of development, technology, economy, science and innovation, research and scientific institutions, representatives of universities, corporations, technology parks and creative hubs.

The theme of this year's Forum was Innovation and Technological Development of Competitive Industries within South East European and Central European Countries. Executive Director of the Unlimited Forum, **Bojana Škrobić Omerović** said following: *"Our knowledge from the field, through activities and communication with innovators, students, high school students, corporations, entrepreneurs, institutions, small and medium enterprises, creative industries, start-ups and creators of today's economy, prove that, in spite of the dominant negative narrative in the country, Bosnia and Herzegovina abounds in creative productive people, successful stories, innovations in our yards and school benches, but still these positive aspects are insufficiently visible to the wider public"*. Thanks to the support of the BiH Council of Ministers, BiH Ministry of Transport and Communications, Ministry of Foreign Trade and Economic Relations of BiH, the Cantonal Government of Sarajevo, the Ministry of Economy of the Republic of Croatia, the City of Sarajevo and



the support of the general sponsors: Unicredit Bank and MasterCard, BH Telecom, Elektroprivreda BiH and Prointer participation registration was free, thus making forum content accessible to everyone. On the first day of the Forum at the Parliamentary Assembly of BiH, was held a panel discussion entitled "Opportunities for Innovative Business under the auspices of 16 + 1 Initiative", where participated FIC BoD member **Edin Hrnjica** along with **Mirko Šarović**, State Coordinator of Initiative 16+1 for BiH, **Nenad Popović**, Minister of Innovation and Technology of Serbia, including representatives of the Government of Montenegro and the Government of Bulgaria. ■

FIC participant of the educational program “Economic Diplomacy - Module 2”

As part of the successful cooperation between the **Foreign Trade Chamber of BiH** and FIC, this year started a new cycle of education program called Economic Diplomacy - Module 2 in Banja Luka, with the assistance of the **Agency for Civil Service of BiH, the RS Chamber of Commerce, Konrad Adenauer Foundation** in BiH and the relevant ministries. This education program is realized with the approval of the BiH Civil Service Agency, which has been certified by the Foreign Trade Chamber of BiH as a training contractor for the mentioned topic. The first cycle of education was success-

fully realized in 2016 and 2017 in Sarajevo with the presence of more than 300 participants. The aim of the training is to provide concrete information and necessary knowledge to representatives of BiH companies and civil servants in order to do their job better and thus contribute to the improvement of international economic cooperation. In addition, the participants have the opportunity to learn more about the basics and actors of economic diplomacy, international economic relations, the benefits of bilateral agreements, the competitive advantages of BiH economy, i.e. the

potential for economic cooperation and investment, the ways of international communication and the basics of economic negotiations, which is an indispensable prerequisite for successful engagement of a business diplomat. Within Module 2, one of the lecturers was also the Executive Director of the +Foreign Investors Council, **Sanja Miovčić**, who held a presentation on “Weaknesses and Benefits of Investing in BiH / Interview with the Investor” and moderated panel discussion which was organized with FIC members companies. ■

FIC representatives held a meeting with the World Bank mission on the BESP Project

Representatives of the FIC Executive Office and FIC new member GOPA held a meeting with representatives of the World Bank on the occasion of the implementation of the Business Environment Strengthening Project (BESP) in December. This is a four-year TA / credit loan program, which is currently in the preparatory phase and whose concrete initial activities are planned for the end of January 2019 with the aim of implementing the concrete operational plan as soon as possible. The project's action is anticipated through several components where the focus is on strengthening the SME sector through providing consultancy support to businesses

and enhancing cooperation with relevant government bodies in order to create and provide adequate financial support mechanisms. The overall goal is certainly to create a more favorable entrepreneurial climate. One of the initial goals of the BESP project is to map existing business support programs in BiH and to carry out a complete balance assessment, which will be the starting point for project activities. At the meeting WB team briefly explained the instruments and the project timeline. FIC Executive Director, **Sanja Miovčić** presented FIC activities as well as other relevant topics, while GOPA representative introduced guests with the results

achieved through YEP - Business Ideas Incubator – such as: number of established businesses, number of co-operative local communities, incubation process and the model by which GOPA was created synergies between local communities, employment services and other relevant stakeholders. The Impact Investment Foundation is also mentioned, with particular emphasis on the need and demand of local communities, as well as businesses themselves, which could be positioned as a significant strategic partner in the upcoming BESP activities. ■

FIC at the Regional Market Competitiveness, Importance of Statistics and Innovations Conference

The 2nd International conference within the project Regional Forum on Market, Investments and Statistics – MIS entitled **“Regional market competitiveness, importance of statistics and innovations”** was held on October 8-9, 2018, in Sarajevo, BiH. This conference is one of most important conferences in region that supports and affirms cooperation between government institutions,

academic community, international organizations, business sector and NGO's, with aim of planning and co-operation in regional projects in the areas of development of the capital market, labour, goods and services; development of official statistics; promotion of regional investment opportunities; and research and development in the fields of information technology, communication,

efficient management and use of economic and social potentials. This time, special attention was directed to the projects in field of energy, tourism and natural resources, in the region. After the opening ceremony, the conference had two panels: Panel Statistics / Research and Development and Panel Market / Investments, attended by **Sanja Miovčić**, Executive Director of FIC. ■

FIC companies win FIPA award “Most Important Foreign Investors in BiH”

The Foreign Investment Promotion Agency of BiH (FIPA) organized on 13 December 2018 in Sarajevo **“Selection of the most Significant Investors in BiH in 2018”** that has been organizing traditionally for more than ten 10 years. This year, as well as last year, the concept of the event has been partially changed in the way that the list of awarded companies encompassed 12 companies, unlike previous years when four most important foreign investors have been selected. In this way, FIPA wants to express recognition to foreign companies, and to thank them for their contribution to the economic development of Bosnia and Herzegovina, the employment of the BiH citizen, and for all other economic indicators based on these investments. In the last two years, BiH recorded an increase in foreign investments. In 2017, 777 million BAM were registered as foreign investments, which is about 40% more than in 2016. The trend of foreign investment growth continued in 2018, and for the first 6 months, foreign investments totalled 452 million BAM. Investment growth is the result of the work of competent institutions in creating better

investment conditions, in bringing new investors, and in implementing the necessary reforms and strengthening the country's competitiveness both for domestic and foreign investors. The presence of foreign investors sends a strong message to potentials investors that BiH is a country in which the foreign investments are safe and profitable and significantly and contributes to improving BiH's image both in business and in political terms. Due to the positive effects on the domes-

tic economy and the image of the country created by each new foreign investor, the FIPA Agency together with other competent institutions in BiH will continue to work on improving the business environment and thus contribute to improving the competitiveness and increase of foreign investments in BiH. Among the awarded companies were also members of the Council of Foreign Investors of BiH **Nsoft d.o.o. Mostar, Al-Shiddi International d.o.o.** and **Messer BH Gas.** ■



FIC participated on 3th International Business Conference Canton Sarajevo 2018

“International Business Conference Canton Sarajevo 2018”, was held in the period from 25-26 September 2018. The organizer of this conference was the Ministry of Economy of the Sarajevo Canton in partnership with the Canton Sarajevo Chamber of Commerce and the Chamber of Commerce of the Republic of Austria. The International Business Conference in Canton Sarajevo gradually moves into tradition event and become the place to discuss current events in the region and world as well as current business challenges. Over 200 participants of this year's conference, including economic and financial experts from BiH and abroad, representatives of domestic and foreign companies from various sectors of the economy, as well as representatives of the diplomatic corps and governing structures, were able to exchange information about the business events and challenges in the region and world, to improve existing economic coop-

eration and to establish a new business relationships, which was the goal of this event. The conference was opened with introductory remarks by the Minister of Economy of Canton Sarajevo, **Muharem Šabić**, **Amer Bukvić**, President of the Management Board of Bosna Bank International, **Martin Pammer**, Ambassador of Austria to BiH, **Valentin Inzko**, High Representative for BiH and **Denis Zvizdić**, Chairman of the Council of Ministers of Bosnia and Herzegovina. Two panel discussions were held within the conference: “Chances and Challenges of the Manufacturing Industry” and “Cooperation between Education and Economy as a Promoter of Economic Development”. Participation on the first panel was taken by **Neven Hadžisulejmanović**, member of AS Holding, **Rasim Memagić**, Director of Alma Ras, **Suhad Ećo**, CEO of Ećo Company and **Rijad Jahjefendić**, Director of the Technological Equipment Factory. The moderator of this



panel was **Sanja Miović**, executive director of the FIC BiH. Panel members have looked at successful stories in their business, with the emphasis that Canton Sarajevo and Bosnia and Herzegovina have tremendous potential when it comes to launching industrial production, but that a strategic approach to its future development is indispensable, as well as investments from abroad are very welcome. ■

FIC participated at the conference “PIT Krajina 2018” in Bihać

On October 25, 2018, “PIT Krajina 2018” was held in Bihać, a conference dedicated to manufacturing companies organized by the consulting firm Targer Engineering & Consulting, Una-Sana Cantonal Chamber of Commerce and Citizen's Association Bosanska Krajina. Over 160 participants from around 70 companies and organizations have opted to participate actively in this expert-business gathering that can play an important role for the whole Bosanska Krajina region and BiH industries. Although the conference is aimed at professional empowerment of Krajina compa-

nies and their better linkage with other parts of BiH and the region. The conference presented an excellent opportunity for participants to get familiar with current and advanced methods, techniques and technologies in business operations and the effects of their implementation in BiH manufacturing companies, as well as to get acquainted with colleagues, experts and entrepreneurs from companies sharing common challenges of manufacturing. No less important mission of the conference is to revitalize the Krajina economy as well as to connect better companies

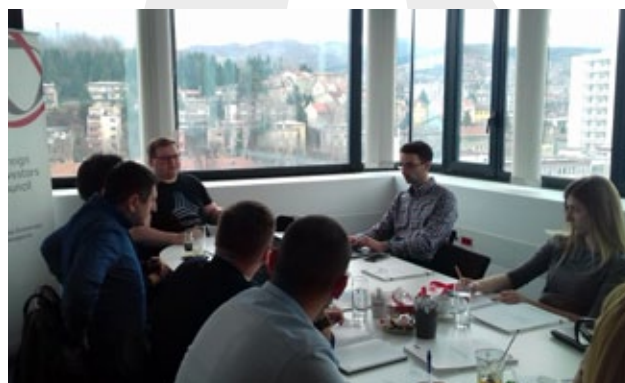
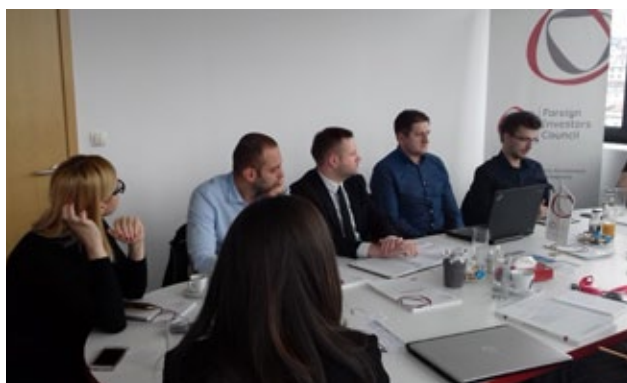
and experts from Bosanska Krajina to the rest of BiH and the Western Balkans region. The conference included a panel discussion on which the speaker was Executive Director of FIC, **Sanja Miović**. As part of the conference, a tour of the FIC member - factory **Meggler** Bihać was organized, which is one of the champions of the BiH food sector. The hosts from this company have made it possible to gain insight into their standardized and technologically highly developed processes and plants, with the tasting of their products. ■

New edition of the White Book 2018/2019 in progress

During 2018, the FIC Executive Office held three rounds of meetings with members of the Working groups responsible for preparing the new edition of the White Book 2018/2019. Working groups determine the final content of the new edition which will be published in early 2019. The FIC Board of Directors, in a session held in February 2018, has verified membership in a total of nine working groups, namely: Corporate Law Working Group, Tax Working Group, Working Group on Permits, Energy Sector Working Group, Concession and PPP Working Group, Working Group on the Rule of Law, and formed three additional working groups to address the fields of Gray Economy, ICT sector, Education and Employment. New White Book will

address open issues and recommendations for areas that have for some time been a barrier to the business of foreign investors in BiH as the growing presence of gray economy, the lack of regulatory framework for IT and telecommunication sector, and the outflow of the labor force and the inadequate level of practical training of employees in BiH. The special news related the creation methodology of the White Book is that the relevant government institutions representatives shall actively participate in the workgroups meetings, with the view of harmonizing the new recommendations with the relevant institutions work plans in order to implement them in an efficient and more concrete manner. One of the most significant mile-

stones in the BiH business circles is certainly the promotion of the White Book 2018/19 scheduled to be held in Sarajevo and Banja Luka. This occasion shall, among the FIC Member representatives, gather as well the representatives of the international community in BiH, international and domestic business organizations and the relevant government representatives in the capacity of out direct partners in the system reform implementation referred to in the White Book. The Board of Directors of the BiH Foreign Investment Council has decided that the public presentation of the new White Book will take place immediately after the formation of new governments in Bosnia and Herzegovina at all levels of authority. ■



Cooperation between FIC and MarketMakers project

VSI and MarketMakers project signed a contract on business cooperation within the previously strengthened co-operation in 2017. By signing the contract, MarketMakers project, which is part of the Swiss Government's contribution to the transition of BiH towards a socially inclusive market economy, has supported the publication and promotion of the second edition of the "FIC Business Barometer". The purpose of this co-operation is to improve the report

and to create a self-sustaining online platform for existing and potential investors to be able to adequately inform about investors' overall satisfaction with the business environment, reinvesting prospects and new employment opportunities in BiH. The data presented in FIC Business Barometer will be updated regularly on an annual basis. The results of this and any future research will be used to improve the investors' position and their requests towards

BiH institutions, with the aim of improving the regulatory framework, the efficiency of state administration and political decisions, for the purpose of strengthening the position of the current investments and encouraging new ones. Indirect goal of this report is also to demonstrate to the new governments how much BiH would benefit in terms of new capital and job creation, if government consistently carry out economic reforms. ■

Networks INT Sarajevo

Networks, established in 2005, represents a business center, a creative hub and a co-working community; located in the heart of Sarajevo, in an innovative building with over 1300m² of dynamic and modern office and event space. All of our services are made in a way to encour-

age development, work innovations, business growth, entrepreneurship and employment. Our space gathers entrepreneurs, IT industry, start-ups, (international) corporations, non-governmental organisations, state institutions and world-wide business innovations. ■



Networks

Nelt d.o.o. BiH

Nelt has been operating in the market of Bosnia and Herzegovina since 2006. Beside the headquarters in Istočno Sarajevo, there are regional distribution centres in Banjaluka and Bijeljina, and a cross dock in Mostar. The company employs 340 people. It is a member of Nelt Group, which operates in 8 markets of Southeast Europe and Sub-Saharan Africa. Constant improvements in quality and expansion of the range of services, as well as investments in employee development, have contributed Nelt to become one of the leading companies in BiH in distribution and logistics business. Nelt's

current infrastructure in BiH consists of 2.000 m² of office premises and 7.500 m² of storage space in ambient, cooled and frozen regime. Nelt's fleet has more than 50 delivery vehicles. Efficiency of delivery has been enabled by applied technological systems such as ERP- SAP, TMS-Sky Track, and WMS- GOLD which are interconnected in order to provide optimum solutions in realisation of logistics tasks. Apart from storage, warehouse manipulation and delivery, Nelt's system of integrated logistics services also includes international transport and customs clearance services. ■



The Way of Logistics

Colliers Advisory d.o.o.

Colliers International is a leading global real estate services company operating in 69 countries. Colliers professionals provide a full range of services to real estate occupiers, owners and investors that include strategic advice and execution for property sales and leasing, property and project management, valuation, customized research and leadership consulting. The combination of unrivalled global coverage, accountability and financial

strength with local ownership and expertise provides our clients with a unique operating model, one which ensures we can deliver comprehensive and truly pertinent solutions for each and every one. We stand by our clients' side from start to finish, with the primary focus on adding value and ensuring their success. Colliers in Croatia has been awarded with prestigious Europe Property Award 2016-2017 for Best Property Consultancy in Croatia. ■



GOPA Consultants

Specialists in developing and transition economies

GOPA is an independent German private consultant company with activities around the globe. The company implements planning, management and training projects for national and international financing agencies as well as private industry. Its reputation for excellence and efficiency is built on fifty years of planning and implementing technical assistance projects in developing and transition economies. Since its founding in 1965, a worldwide network has been established following the principle "Networked thinking - global action"

which has ensured an extensive and proven global expertise in development issues, as well as access to a qualified network of local specialists and partner organisations around the world. In 2008 GOPA Representative Office was established in Bosnia and Herzegovina, the main activities have been focused on the reform of the public employment services and designing a sustainable eco system as a support mechanism for development and promoting entrepreneurship. GOPA supported the establishment of more than 100 businesses throughout Bosnia and Herzegovina during 2018. ■

GOPA
WORLDWIDE CONSULTANTS

Saga NFG d.o.o.

Ever since Saga was established 1989., the aim was to become an ICT services company for large and medium enterprises in the market, within the industries where ICT is of key importance for success. The company is expanding in the region and continuing to invest in employees and the level of their knowledge, training and expertise. The company has established partnerships with more than 70 renowned companies working within the IT industry. We

are team of experienced professionals who are ready to cope with every challenge. We've been more than a decade amongst the biggest system integrators in Serbia. We are the company that operates in 26 countries around the world. We are the leading proponent of digital transformation in our region. We are part of New Frontier Group, named by Gartner as one of Top 10 Companies in IT Services in Central and Eastern Europe. ■

SAGA NFG
new frontier group

ORIGIN Europe

Fueling Minds... Empowering Leaders

Origin Europe is one of the global branches of Origin Group, which was established in March 1998. Origin Group is a leading company in Human Capital Development and expertly plan, manage and organize events such as customized corporate events, conferences, professional seminars, forums, exhibitions and dedicated courses. Origin Europe brings vast experience in providing clients with a unique of-

fering of an in-depth knowledge to empower future leaders through international accredited training courses, conferences with world-famous speakers. Mission of Origin Europe is delivering the optimum quality programs that caters for client's aspirations whether corporate or individuals. In order to achieve its vision, Origin Europe will provide continuously add value to businesses across Europe region by blending Expertise with Innovation and Creativity. ■

ORIGIN[®]
EUROPE

Antal Bekefi new General Manager of BAT for Adria region

British American Tobacco (BAT) appointed Antal Bekefi as the new general manager for its Adria region, which was expanded to encompass Serbia, Montenegro, Macedonia, Albania and Kosovo. Bekefi, who began running the Adria region from Croatia on January 1, was previously general manager of BAT's France-based office, BAT said in a statement made available to SeeNews via the company's local media representatives. The former general manager for Adria region, Ram Addanki, is moving on to a higher position within the

BAT Group. *"The team in Croatia has made great strides in business over the past two years, since the takeover of TDR, thanks to which the Croatian organisation is firmly positioned within BAT,"* Bekefi said in the statement. Until its expansion in October, BAT's Adria region comprised Slovenia, Croatia and Bosnia. Together with the markets in Bulgaria and Romania, the Adria region is now becoming a part of BAT's new organisation area - South and Central Europe (SCEA). Besides expansion plans, BAT is also set to continue with its investments

in 2018, Bekefi said. *"In the coming period will continue with investments in all parts of the business, the growth of activity, exports and job creation,"* he explained. In Croatia alone, BAT's investment in its factory in Kanfanar, Istria, from its acquisition of TDR to end-2018 will total 40 million euro (\$49.0 million). BAT is one of the biggest private investors and exporters in Croatia. It exports 80% of its Kanfanar production, with plans to increase that share to over 90% by end-2018. The Croatian part of BAT's Adria region employs 1,650 workers. ■

Commercial Ferrosilicon Production at Steelmin launched

After many years of preparation and reconstruction of ELKEM electrolysis for ferrosilicon production, in July started commercial production at ferrosilicon plant **Steelmin** in Jajce. The plant running at rated capacity of 24MW and Steelmin currently forecasts that it will be EBITDA positive this year.

Steelmin's plant will initially consist of the refurbished Furnace V with capacity for production of 29,000t of ferrosilicon p.a. and 5,800t of microsilica, and after a planned refurbishment of a second furnace will have a combined annual capacity of 48,720 tonnes ferrosilicon (FeSi 75) and 9,700 tonnes of microsilica. Steelmin intends initially to produce ferrosilicon containing 75% silicon and 25% iron, a product primarily used as a deoxidising agent and to add electrical conductivity and corrosion resistance to steel. A by-product of ferrosilicon production will be microsilica, which is a dust used in the manufacture of speciality concretes in the construction industry as well as in advanced refractories and ceramics. The Steelmin plant and facility, formerly part of Elektrobosna, was originally built in the

1970s by Elkem, a major silicon and alloy producer based in Norway. It was closed down in 1992 due to the war in Bosnia, was then privatised and the six furnaces were sold off

in two separate parts in 2000. The plant was brought back online until finally being shuttered again in 2004 due to increasing Chinese exports pressure. ■



G-Petrol invested more than 130 million KM in the gas station network in BiH

Srdan Pešević, CEO of G-Petrol Sarajevo, managing Gazprom's and NIS Petrol's gas station network in BiH, in an interview with Business Magazine, spoke about the company's business, whose participation in the BH market is steadily growing, and which was awarded as the largest investor in BiH. By acquiring the OMV BH retail network five years ago, NIS Gaspromnjeft has opened the Gazprom premium gas stations in the territory of BiH. G-Petrol operates in Bosnia and Herzegovina through two retail networks of Gazprom and NIS Petrol gas stations. The NIS group manages over 400 gas stations in four countries in BiH, Serbia, Bulgaria and Romania. When it comes to the BiH market, it has 37 gas stations, of which 10 are NIS Petrol brand and 27 are Gazprom brand. **Pešević** pointed out that NIS group was recognized BiH market as a pro-



spective market on which company planning further development. *"We are present in the retail market of BiH with more than 10 percent of the share, although the number of petrol stations operating under our brand is slightly less than three percent of the total number of gas stations in BiH. It is important to point out that our participation in the wholesale market in BiH is growing year by year. Significant investment and development of Pancevo Oil Refinery puts us in a position to offer retail and wholesale customers high quality fuel. In addition to the high-quality fuels, our consumers at our petrol stations can*

find also high-quality supplementary products", **Pešević** said. Total investments in the gas station network in BiH are over 130 million KM, thanks to which the company was awarded in 2013 as the largest investor in BiH in the area of acquisition. NIS group in BiH plans further business development in the coming years. For this year, a steady growth of operational indicators is anticipated in line with the investment policy of the company. Currently, the company employs around 500 workers in BiH, and by expanding the retail network plans to open up new job positions. ■

"Banjalučka pivara" celebrated 145th anniversary

Banjalučka pivara has celebrated the 145th anniversary and on this occasion presented the new appearance of beer Nectar, which symbolizes the 145 year long tradition of quality. Brewery, which employs



around 270 workers, has celebrated its jubilee as one of the oldest industrial facility in Banja Luka and one of the largest food and beverage companies in Republika Srpska and BiH. **Nicholas Penny**, General Manager of Banjalučka pivara said that all these years brewery produced about five billion bottles of favorite beer. *"The new look of Nectar is inspired by the long tradition of brewing in this area and city where it was created, it also represent a gift to all faithful consumers,"* said **Penny**. By marking the jubilee Banjalučka pivara celebrates the long tradition of

brewing, which is the cornerstone of Banja Luka City development. The highest standards of quality, the barley quality and the most modern beer production technology are recognized outside the borders of RS and BiH. Thus, nectar beer is the winner of many gold medals and quality awards at European and regional fairs, and is also the holder of the prestigious title "Superbrend" for the BiH market. Banjalučka pivara directs its business following the wishes of its consumers and is fully dedicated to the progress and quality improvement. ■

MEMBERS' STORIES

First in BiH: Meggles switches to the digital process of buying raw materials

The **Meggles BiH** company in May signed a contract on cooperation with one of the largest international process technology suppliers for the food industry - GEA. The value of the investment is around 1.2 million KM, which concerns the automation and modernization of the purchase of dairy raw materials and the improvement of the quality and safety of the final product. Since raw milk for further processing has to be fresh and exceptionally high quality, this digitally automated way of redemption implies even better and safer raw material storage conditions. *"For our consumers, we only want to provide high-quality homemade products, whose production process is strictly controlled, from cow pastures to ready-made products, that is why Meggles constantly investing in quality preservation and production improvement and at the same time proving that we can produce top-of-the-line products of the world's stan-*



dards," says Meggles management. Considering that Meggles strictly takes care of the origin of raw material and purchases milk exclusively from a farms whose pastures are over 500 m above sea level, such a quality standard, according to the company, should be accompanied by modern manufacturing technology to bring the best of nature to consumers. *"Most of our farms are located in mountain ranges, making the quality of the raw material the best because there are more oxygen, aromatic and medicinal plants, and cows can be harvested more than 180 days a year. "This investment will ensure better preservation of the raw material and further con-*

tribute to health the benefits of our products," said Meggles, adding that this investment aims to provide a better future for milk production for all future generations. The GEA Group was represented by: **Thomas Czutta**, Managing Director of GEA Eastern European Cluster, **Davor Grbac**, Sales Manager of GEA CEE GmbH Branch Office Zagreb, **Zoran Rosić** Head of Sales Milking, Feeding & Farming Eastern European Cluster and **Obren Mrković**, Head of GEA Eastern European Cluster, while Meggles was represented by: **Marjan Vučak**, CEO SEE, **Jadranka Penava**, CEO MEGGLES BiH and **Kemal Hrnjić**, Director of Dairy Bihac. ■

Messer opened a new facility in Sockovac

The largest global gas company, **Messer Group**, which operates in Bosnia and Herzegovina by three companies (Messer Mostar Gas, Messer BH Gas and Messer Tehnoplina), on September 14 opened a second production plant in the village of Sockovac in the Petrovo municipality, northern Bosnia. The global gas producer opened its first CO2 plant in the village six years ago. The new plant has the capacity to produce 2,000 kg of CO2 per hour. It has a few distribution and filling centers around the country. General

Manager of Messer BH Gas **Valentin Ilievski**, along with RS Minister of Industry, Energy and Mining **Petar Đokić**, cut the ribbon and start plant operation. On this occasion, Messer employees from all over Bosnia and Herzegovina, in Sockovac organized their famous "Ajvarijada fair", thus emphasizing the connection between people and nature. Messer has been operating in Bosnia for 21 years in BiH. The company employs more than 100 people and has invested more than 100 million KM in infrastructure, construction and

logistics, built several distribution centers and filling stations remaining consistent with its investment strategy. ■



ArcelorMittal Zenica completed KM 50 million blast furnace reconstruction

ArcelorMittal Zenica completed 50 million KM project to rebuild the blast furnace and upgrade other areas of the factory, including the energy, sinter and steel plants and the rolling mill. The latest projects are bringing the total invested in the Zenica plant to over EUR 200 million. The refurbishment means that integrated steel production can continue in Zenica for up to 20 years into the future. The project's completion was marked with a ceremony in the heart of the steel works, attended by over 200 distinguished guests, including FBiH Prime Minister, **Fadil Novalić** and **Miralem Galijašević**, Prime Minister of Zenica-Doboj Canton. **Augustine Kuchuparampil** and **Lutz Bandusch** attended on behalf of ArcelorMittal Europe. Addressing the guests, Federal Prime Minister **Novalić** commented: "This is a step that will guarantee competitiveness on a very turbulent steel market. Directly or indirectly, 12,000 people depend on this company, which is beyond doubt the biggest company in Bosnia and Herzegovina." Cantonal Prime Minister **Galijašević** also welcomed the achievement: "The Zenica-Doboj Canton is the leader of export precisely thanks to ArcelorMittal, which is the backbone of devel-



opment here. The general repair of the blast furnace is very important for the local economy as ArcelorMittal Zenica is the biggest exporter in Zenica-Doboj canton and Bosnia and Herzegovina." The CEO of ArcelorMittal Zenica, **Biju Nair** underlined the importance of the project to the city's future: "This is another very important step on our journey to build a long-term, sustainable future for steelmaking in this great industrial city. It underlines our strong and continuing commitment to the future, which begins right here,

today. We will continue to invest in the infrastructure of the factory, bringing further improvements in our ecological performance and our production capability. At the same time, we will continue to support, develop and encourage the young managers, engineers and production staff who will write the next chapter in the story of steel in Zenica." The lead contractor responsible for project delivery was the specialist Dutch company, Danieli Corus, supported by many local contractors. ■



MEMBERS' STORIES

Hepok introduced a new vision and a new range of products

On Thursday, July 5, 2018, at National Museum of Bosnia and Herzegovina, **Hepok** Mostar presented the new vision of this company and a new range of products, including wines, brandy and liqueur. The promotion were attended by numerous guests, including representatives of international organizations and embassies in BiH, businessmen and public figures from BiH and the region. Following the acquisition of Hepok in 2016, the **Agricultural Investment Company Zeraa** has invested significant resources in the revitalization of this company, which is reflected in purchase of new, modern production equipment, modernization of vineyards and creation of a new visual identity. After two years of dedicated work, they were proud to present the old - new Hepok and announced a new chapter in business and ambitious plans for the future. Director of Zeraa Agriculture Investment, Damir Ferovic, said he was happy that Hepok achieved the main goal: the continuity in production and transformation into a modern and advanced company. Today, Hepok together with the local community, participate in creation of Herzegovina as a recognizable wine region. **Nedim Marić**, director of Hepok, was pleased with the fact that for a short period of time they managed to produce quality and competitive products, behind which stands young expert team of oenologists, technologists and agronomists. He said that this promotion was only the first step in new history of Hepok. The guests were also addressed by **Haris Hajdarović**, winery and distillery manager of Hepok who, in cooperation with **Josipa Andrijanić**, an



enologist and consultant in Hepok, created new products called Liska and Tenelija. Five more new wine labels are presented on this occasion: the top quality Žilavka, Chardonnay, Chardonnay Barrique, Tamjanika and Vranac, premium brandies and liqueurs with the taste of dried figs, sage, pomegranate, raspberry and cherry. ■



The celebration to remember - 40 years of Kakanj Cement factory

On Thursday, October 5, 2018, a central ceremony was held in Sarajevo City Hall on the occasion of the 40th anniversary of the **Kakanj Cement Factory**. The celebration brought together distinguished guests from economic, cultural, diplomatic and political life. The ceremony was open by the Sarajevo Philharmonic Orchestra, and through a short video story, the guests had the opportunity to get acquainted with all the biggest projects and facilities where "gray gold" was built in the Kakanj factory. **Branimir Muidža**, Managing Director of **HeidelbergCement in BiH and Croatia**, and Director of Kakanj Cement Factory, first mentioned the construction of the cement plant, initiated back in 1938 to become the main national cement plant in the former state but due to historical and economic circumstances were not built then, but 40 years later. Since 1978, when it has been put into operation, until today, Kakanj cement plant has produced almost 18 million tons of cement. He said that this factory produced so much cement that it could make concrete pillar with a diameter of 40 cm from earth to moon: *"In every second of our work we create a new value, and that's what makes us successful. However, our contribution should not only be observed through the prism of statistics and the amount of tons of cement produced. Look around. The home and the house you came from, the tunnels, the bridges and the roads you came to, the airport you landed, the hotel where you stayed, the schools and kindergartens to take your child, the offices and the buildings where you work, the pavement you walk, so here is the magnificent City Hall which is a symbol of recon-*



struction - wherever you look, everywhere is built our "gray gold". It makes me proud to see how good and useful it is, worthy and lasting to be built on our products". **Muidža** particularly stressed out the same progress that has been made since privatization, and all the significant investments especially in environmental protection: *"We have kept all this time the core values that make our people and business aware and above all the responsibility. Environmental responsibility, accountability to the worker, partner, customer, local community responsibility, shareholders and all other interest groups",* **Muidža** said. He also thanked the previous executives and workers who successfully managed the Factory through very difficult times. He also thanked other partners and friends of the Factory with the promise that the company will continue to work on the continuous improvement of all segments of business and social responsibility. **Fadil Novalić**, Prime Minister of the Federation of Bosnia and Herzegovina, with a sincere congratulations to the Kakanj cement factory, emphasized the importance of the successful privatization of this company and the entry of the Kakanj cement factory into the family of the largest cement producers: *"Kakanj cement factory is a gain for employees and management, but also the entire BiH,"* **Novalić** said. *"It's impres-*

sive what's all in this country made of cocoon cement. This is a factory that has been steadily evolving over the past 40 years, constantly growing so it has served not only Kakanj but the whole country. I thank you for such a devoted work." The attendants also addressed **Dr. Bernd Scheifele**, Chief Executive Officer of HeidelbergCement Group. It first referred to the past period:

"40 years ago this region looked completely different, politically and economically. The City of Sarajevo has passed through very difficult times of war as well as our factory. But today we see the success achieved by the work of the people working in the factory as well as the support of the community where the factory is located. When we took over the factory during the privatization, it looked completely different. It was technically exhausted, old, and we had a very significant problem with dust emissions. There were two things about technology and the strong commitment of the workers, and I think we found both of them. Today, when we visited the factory, we could see modern technology, clean and dust-free, and really investing in the effort to be a good neighbor. We invested more than 100 million euros, which is the largest German investment in the country. Kakanj cement factory today is an example of stability, reliability and

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economic success. Thank you all for your contribution” **Dr. Scheifele** also said that it is important to look into the future as well, that cities and the state are improving, but there is still much work to be done, especially in the area of residential and infrastructure construction. “We will continue to invest in BiH and produce world-class products and provide top-notch services to help build this country.” Emphasizing the importance of mutual assistance and cooperation with the local community, **Muidža** and **Dr. Bernd Scheifele** delivered two Kakanj symbolic donations in front of the Kakanj cement factory - 40,000 KM for the purchase of a single-digit digitizer for standard radiography and 40 mBot robots for elementary

schools in Kakanj. The donations were taken by **Lamija Veispahić**, Assistant Director of the Health Center Kakanj, and **Slaven Katičić**, chairman of the Kakanj Municipal Council. On behalf of all Kakanj citizens, **Slaven Katičić** congratulated a significant jubilee factory of cement Kakanj and all its workers, and thanked him for the name of Kakanj on donations today: “We have been really used for the last twenty years that factory always reach out to Kakanj, towards their citizens, and shows its sensitivity, goodwill and noble intent towards the broadest groups of citizens, according to sports collectives, the Kakanj Municipality, religious communities, to all other institutions and organizations essential to our

local environment. What I especially thank for, is the continued care for employees, and also for taking care of retirees, which factory never forget. In that sense, I urge them to continue in such a way as they have been doing so in our local environment. Thank you for everything. I wish you a great deal of success, to continue with the work you have done so far, to proudly pronounce the name of Kakanj that you have entered throughout BiH, in every yard.” On this occasion, guests enjoyed the fantastic sounds of several arias performed by famous opera singer **Sandra Bagarić** accompanied by the Sarajevo Philharmonic Orchestra, and the end of the program marked a fantastic fireworks. The first cement factory Kakanj produced on December 15, 1978. Since then, it has been synonymous with top quality. This Kakanj family is constantly recording new business successes and expanding its operations both in BiH and foreign markets. All its activities are based on long-term development, involving modern manufacturing facilities and professional staff, all of which are aligned with the highest European environmental standards and technical requirements. Currently, in addition to the cement plant in Kakanj, it also manages 7 concrete plants in Bosnia and Herzegovina and 6 concrete plant in Croatia. With its own capital and permanent investment of over 200 million KM in development and expansion, with the full support of HeidelbergCement’s strategic partner, today’s factory has grown over 100,000 square feet of green areas, covering the orchards, parks and lake with fish. Modern drives guarantee minimal environmental impact, where all indicators are significantly below the legally permissible limits. TCK operates at the highest European standards, is very modern in every aspect, extremely successful and efficient, uses the best available technology, and operates in accordance with all local laws and EU norms. ■



Coca-Cola presented the Study on Socio-Economic Impact

Coca-Cola in Bosnia and Herzegovina on November 22, 2018 presented a new study on the socio-economic impact of Coca-Cola in BiH in 2017, developed by the consultant firm Steward Redqueen. This event was attended by representatives of the economic, governmental, non-governmental sector, FBiH Minister of Entrepreneurship, Development and Crafts **Amir Zukić** and US Ambassador to BiH, **Maureen Cormack**. On this occasion were presented key findings on the impact of Coca-Cola on the domestic economy and society. The study included the direct impact and contribution of Coca-Cola HBC B-H, as well as an indirect contribution achieved through co-operation with partners - 655 suppliers and 14,110 customers. Following the vow, "Coca-Cola is Bosnia and Herzegovina more than you think," **Ruža Tomić Fontana**, general manager of Coca-Cola HBC for Croatia, Bosnia and Herzegovina and Slovenia pointed out that the total value of Coca-Cola's direct and indirect influence in the form of wages, taxes and profit in 2017 amounted to 155 million KM, which is 0.5% of GDP of Bosnia and Herzegovina. "We wanted to show that Coca-Cola's production and sales of its products in Bosnia and Herzegovina significantly contributed to the development of Bosnia and Herzegovina's economy and society. Namely, the impact of Coca-Cola, but also of other companies like ours, is far from the direct contribution itself and includes the contribution that is achieved through partnerships with our suppliers and customers. We particularly wanted to emphasize that Coca-Cola, alongside a large international system, and a Bosnian-Herzegovinian company, are deeply integrated into the local community. Each convertible mark of added value created by Coca-Cola supports the creation of another 4 KM of added value in the BiH economy,"



said **Tomić Fontana**. Compared to the previous one, the 2017 Study shows that Coca-Cola in Bosnia and Herzegovina has increased its positive impact compared to 2014. In addition to its own production and distribution, Coca-Cola indirectly supports economic activity through its value chain, which involves direct suppliers and trade partners and their suppliers. Coca-Cola directly generates 29 million KM of added value, and indirectly 126 million KM in the economy of BiH. "On behalf of the Federal Ministry of Development, Entrepreneurship and Crafts, which is in charge of the Small and Medium Enterprises Sector, I can say that Coca-Cola Company has opened up the possibility of generating a number of small and medium-sized enterprises that are very important in the value chain. At the same time, Coca-Cola has created the assumption that all of them will set standards, as they can be suppliers or co-operators of Coca-Cola and can go out to the outside

market," said **Amir Zukić**, Minister of Entrepreneurship, Development and Crafts in FBiH. President of the FIC BiH, **Branimir Muidža**, as a panel discussion participant, highlighted the importance of such an investment and a company that holds the primacy in the non-alcoholic beverage industry in Bosnia and Herzegovina. Stressing its leadership in the assortment quality that she produces and distributes to the population of nearly four million people, as well as leadership in the area of Corporate Social Responsibility. "We are really proud of finding partner in Coca-Cola HBC B-H d.o.o. which in addition to its outstanding values on the market, at the same time as a FIC member contributes greatly to the creation of a better business climate in Bosnia and Herzegovina. This is proof that there are good companies in Bosnia and Herzegovina, and I believe that this cooperation will be successful and will continue to develop," **Muidža** concluded at the end. ■

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PwC celebrated its 15th anniversary of successful business in BiH

On Thursday, November 22, 2018, numerous friends, partners and employees of PwC gathered together in the Sarajevo City Hall for the 15th anniversary of the successful PwC business in Bosnia and Herzegovina. PwC is a network of companies operating in 158 countries, employing more than 250,000 people and providing quality services in the areas of auditing, tax consulting and consulting. Employees of PwC work together to achieve a common goal of building trust in the company and finding solutions to key issues. Today PwC BiH has two legal entities and an associated law firm. *"Business in BiH started in 2003 and then there were only 5 of us, we were like startup companies. Today, I can proudly say that we employ more than 5 people,"* said **Mirza Bihorac**, director of PwC BiH as the host of this event. Referring to the position of PwC BiH 15 years ago and now, **Bihorac** said: *"We are both global and local. We are great, considering what we have done in 15 years, but we are small, given what we want to become in the future"*. The ceremony was open with briefed company history in BiH and its impact on the business community. **Emmanuel Koenig**, PwC partner in charge of PwC BiH and PwC South East Europe, emphasized PwC's dedication to development, innovation and introduction of new standards in business, and referred to one of the best examples of PwC's collaboration with project beneficiaries support in our region, and through various programs and funds. On this occasion, the British Ambassador to BiH, **Matthew Field**, thanked PwC BiH for excellent cooperation with the British Embassy in BiH, and expressed



the hope that good cooperation will continue in the future. PwC has a global experience in working on support projects to address community social problems and youth development. *"The link between our global experience and local youth and innovation contributes to the realization of our mission: solving important community problems and building trust, but also helping young people to realize their ideas,"* said **Mubera Brković**, director of

the Tax and Legal Department at PwC BiH. As a youth supporter, PwC BiH organized a competition for students on the topic *"Great Minds to Build Smart Cities"*, with the aim of generating ideas for solving current problems in local communities. Participation in the competition was taken by teams from 5 BH faculties and the jury awarded best team from the Faculty of Mechanical Engineering of East Sarajevo with money prize of BAM 3.000. ■



New Act on Pension and Disability Insurance

The new Act on Pension and Disability Insurance ("Act") was published in the "Official Gazette of FBiH", no. 13/18 dated 21 February 2018. The Act enters into force on the eighth day as of publishing (i.e. on 1 March 2018). The Act on Pension and Disability Insurance ("Official Gazette of FBiH", no. 29/98, 49/00, 32/01,

73/05, 59/06, 4/09 and 55/12) ceases to apply by entering into force of the new adopted Act. Please find below a brief overview of some of the important changes introduced by the new Act: Pension increase for 10% for persons who retired until 31 July 1998, for 5% for persons who retired until 31 December 2007; The "scoring system" for pension calculation

is introduced, whereby the point value for 2018 is BAM 14; Minimum conditions required for old-age retirement are 65 years of age and 15 years of insurance under the first category of labour or 20 years of insurance under the second category of labour. ■

New Ministry Standpoint: Tax incentive based on newly recruited employees

One of tax incentives introduced by the new Corporate Income Tax Act ("Official Gazette of FBiH", no. 15/16) is related to recruitment of new employees. Namely, a taxpayer is entitled to a tax-deductible expense in the double amount of gross salary, paid to newly recruited employees, if both of the following conditions are met: 1) the duration of the employment contract is at least the period of 12 months full-time and 2) newly recruited employee has not been employed by the taxpayer or a related party

in the previous five years. Considering the doubts that emerged in practice in regard to application of the aforementioned incentive, the Federal Ministry of Finance (the "FMF") has several times issued official opinions/standpoints. Within the recently issued Standpoint, no. 05-14-2-3665/15-1 as of 16 June 2018, the FMF has explained that a taxpayer which is FBiH resident and which has business units (branch offices) in Republika Srpska and/or Brcko District, is also entitled to a right to use tax incentive based on

newly recruited employees in those business units (if all prescribed conditions are met). Permanent residence address of newly recruited employees in those business units is not relevant for application of the tax incentive, i.e. it also applies to employees with permanent residence address in Republika Srpska and/or Brcko District. The Standpoint can be found on the following web address: <http://www.pufbih.ba/v1/public/upload/zakoni/b7378-poticaj-novoupisleni-05-14-2-3665.pdf> ■

Law on amendments of the Labour Law of Republika Srpska and the Law on amendments of the Law on Personal Income Tax of Republika Srpska

Amendments of the Labour Law prescribe the new definition of salary, obligation for employers to amend their employment agreements in the section which regulates the salary of employees and obligation to amend all internal rulebooks in ac-

cordance with the new definition of salary. The amendments also prescribe a deadline for signing the new employment agreements and prescribes sanctions for non-compliance with the new provisions of the Law. Most prominent

amendment of the Law on personal income tax is related to increase of the total amount of personal tax deduction from current BAM 200 to BAM 500 per month. ■

Membership fee to the Tourism Association of Canton Sarajevo

The Act on Amendments to the Tourism Act, published in the "Official Gazette of Canton Sarajevo" no 31/17 as of 10 August 2017, regulates the obligation for payment of membership fee to the Tourism Association of Canton Sarajevo ("TA CS") for compulsory and voluntary members of the TA CS. Compulsory members of the TA CS are all legal entities and individuals having their headquarter or any other organizational part in Canton Sarajevo that generate income based on providing catering and other tourist services or that perform business activities directly connected to tourism. However, business activities of compulsory members of the TA CS, regulated within the Rulebook on Business Activities of Compulsory Members of the TA CS, have been expanded

by introducing Amendments to the Rulebook on Business Activities of Compulsory Members of the TA CS, as of 11 January 2018. Accordingly, as of 11 January 2018, all legal entities and individuals that are registered and generate income from below stated business activities, are considered compulsory members of the TA CS that are obliged to pay membership fee. ■

Code	Business Activity
45.1	Sale of motor vehicles
45.20	Maintenance and repair of motor vehicles
45.31	Wholesale trade of motor vehicle parts and accessories
45.32	Retail trade of motor vehicle parts and accessories
45.40	Sale, maintenance and repair of motorcycles and related parts and accessories
46.3	Wholesale of food, beverages and tobacco
46.4	Wholesale of household goods
46.5	Wholesale of information and communication equipment
46.7	Other specialized wholesale
47.11	Retail sale in non-specialized stores with food, beverages or tobacco predominating
47.19	Other retail sale in non-specialized stores
47.2	Retail sale of food, beverages and tobacco in specialized stores
47.3	Retail sale of automotive fuel in specialized stores
47.5	Retail sale of other household equipment in specialized stores
47.6	Retail sale of cultural and recreation goods in specialized stores
47.71	Retail sale of clothing in specialized stores
47.72	Retail sale of footwear and leather goods in specialized stores
47.73	Dispensing chemist in specialized stores
47.75	Retail sale of cosmetic and toilet articles in specialized stores
47.77	Retail sale of watches and jewelry in specialized stores
47.78	Other retail sale of new goods in specialized stores
47.8	Retail sale via stalls and markets

Code	Business Activity
47.9	Retail trade not in stores, stalls or markets
47.91	Retail sale via mail order houses or via Internet
47.99	Other retail sale not in stores, stalls or markets
49	Land transport and transport via pipelines
51.1	Passenger air transport
52.21	Service activities incidental to land transportation
52.23	Service activities incidental to air transportation
52.29	Other transportation support activities
52.30	Other transportation support activities
53	Postal and courier activities
55	Accommodation
56	Food and beverage service activities
60	Programming and broadcasting activities
61	Telecommunications
63	Information service activities
65.12	Non-life insurance
66.12	Security and commodity contracts brokerage
68	Real estate activities
73.1	Advertising
74.2	Photographic activities
74.3	Translation and interpretation activities
77.11	Renting and leasing of cars and light motor vehicles
77.21	Renting and leasing of recreational and sports goods
79	Travel agency, tour operator reservation service and related activities
82.3	Landscape service activities
90	Creative, arts and entertainment activities
92	Gambling and betting activities
93.13	Fitness facilities
93.21	Activities of amusement parks and theme parks
93.29	Other amusement and recreation activities
96.04	Physical well-being activities

BOSNIA AND HERZEGOVINA

THE COUNCIL OF MINISTERS OF BOSNIA AND HERZEGOVINA

- Decision on Temporary Suspension and Temporary Reduction of Customs Tariffs on Import of Certain Goods by 31 December 2018. (Official Gazette of BiH, No. 1/18)
- Ordinance on Food Additives (Official Gazette of BiH, No. 33/18)

THE MINISTRY OF JUSTICE OF BOSNIA AND HERZEGOVINA

- Amendments to the Rulebook on keeping the Register of Legal En-

titles of Bosnia and Herzegovina• (Official Gazette of BiH, No. 4/18)

INDIRECT TAXATION AUTHORITY OF BOSNIA AND HERZEGOVINA

- Amendments to the Instruction on Registration and Entry in the Unique Registry of Indirect Taxpayers (Official Gazette of BiH, No. 10/18)
- Amendments to the Customs Procedures Guidelines on Passenger Traffic (Official Gazette of BiH, No. 30/18)
- Decision on the Amount of Compensatory Interest Rate for the period from 1 July 2018 to 31 December 2018 (Official Gazette of BiH, No. 50/18)

FEDERAL MINISTRY OF FINANCE

- Amendments to the Rulebook on Application of the Income Tax Law (Official Gazette of FBiH, No. 3/18)
- Rulebook on Procedures for Return, Transfer to Another Account of Wrongly Paid/Overpaid Public Revenues From the Unique Treasury Account of the Federation of Bosnia and Herzegovina and the Procedure for Reduction of Liabilities (Official Gazette of FBiH, No. 20/18)
- Amendments to the Rulebook on Application of the Income Tax Law (Official Gazette of FBiH, No. 30/18)
- Amendments to the Rulebook on Calculation and Payment Method of Contributions (Official Gazette of FBiH, No. 39/18)

FEDERAL MINISTRY OF TRADE

- Amendments to the Rulebook on Form, Content and Management of a Trade Book (Official Gazette of FBiH, No. 3/18)
- Amendments to the Rulebook on Minimum Technical Equipment of Business Premises for Trade and Trade Services (Official Gazette of FBiH, No. 35/18)

Amendments to the Decision on Tax Free Amounts of Diesel Fuel for 2018 (Official Gazette of BiH, No. 61/18)

VETERINARY OFFICE OF BOSNIA AND HERZEGOVINA

- Decision on the Adoption of the Official Milk and Milk Products Control Plan for Export to the European Union for 2018 (Official Gazette of BiH, No. 20/18)

FOREIGN TRADE CHAMBER OF BOSNIA AND HERZEGOVINA

- Decision on Membership Fee for 2018 (Official Gazette of BiH, No. 7/18)

FEDERAL MINISTRY OF ENERGY, MINING AND INDUSTRY

- Amendments to the Rulebook on Quality of Liquid Petroleum Fuels (Official Gazette FBiH, No. 7/18)
- Amendments to the Rulebook on Quality of Liquid Petroleum Fuels (Official Gazette FBiH, No. 58/18)

FEDERAL MINISTRY OF ENVIRONMENT AND TOURISM

- Amendments to the Rulebook on Electrical and Electronic Waste Management (Official Gazette of FBiH, No. 12/18)

FEDERAL REGULATORY COMMISSION FOR ENERGY - FERK

- Decision on Percentage Rate for the Variable Part of Regulatory Charges for 2018 (Official Gazette of FBiH, No. 22/18)

ASSOCIATION OF EMPLOYERS OF THE FEDERATION OF BOSNIA AND HERZEGOVINA

- Collective Agreement Extension for Wood and Paper Industry in the Federation of Bosnia and Herzegovina (Official Gazette of FBiH, No. 8/18)
- Collective Agreement on the Rights and Obligations of Employers and Employees in Metal Industry in the Federation of Bosnia and Herzegovina (Official Gazette of FBiH, No. 61/18)

FEDERATION OF BOSNIA AND HERZEGOVINA

PARLIAMENT OF THE FEDERATION OF BOSNIA AND HERZEGOVINA

- Law on Amendments to the Law on Determination and Examination of Citizens' Claims in Privatization Process (Official Gazette FBiH, No. 13/18)
- Law on Pension and Disability Insurance (Official Gazette of FBiH, No. 13/18)
- Law on Amendments to the Law on Contributions (Official Gazette of FBiH, No. 34/18)
- Law on Amendments to the Law on the Amount of Public Revenue Interest Rates (Official Gazette of FBiH, No. 34/18)
- Law on Amendments to the Law on Health Insurance (Official Gazette of FBiH, No. 36/18)
- Law on Amendments to the Law on Financial Consolidation of Companies in the Federation of Bosnia and Herzegovina (Official Gazette of FBiH, No. 36/18)
- Law on Amendments to the Law on Bankruptcy Procedure (Official Gazette FBiH, No. 52/18)

 **ADOPTED LEGISLATION**

REPUBLIKA SRPSKA

NATIONAL ASSEMBLY OF REPUBLIKA SRPSKA

- Law on Amendments to the Law on Waste Management (Official Gazette RS, No. 2/18)
- Law on Amendments to the Law on Concessions (Official Gazette RS, No. 16/18)
- Law on Amendments to the Law on Waste Management (Official Gazette RS, No. 16/18)
- Correction of the Law on Banks (Official Gazette RS, No. 19/18)
- Law on Amendments to the Foreign Exchange Act (Official Gazette RS, No. 20/18)
- Law on Foreign Investment (Official Gazette RS, No. 21/18)
- Law on Gas (Official Gazette RS, No. 22/18)
- Law on Payment Deadlines in Commercial Transactions (Official Gazette RS, No. 31/18)
- Decision on Adoption of the Strategy for Energy Sector Development in Republika Srpska by 2035 (RS Official Gazette, No. 60/18)
- Law on Default Interest Rate (RS Official Gazette, No. 61/18)
- Law on Mining (RS Official Gazette, No. 62/18)
- Law on Amendments to the Law on Fiscal Responsibility in Republika Srpska (Official Gazette of RS, No. 62/18)
- Law on Amendments to the Labor Law (RS Official Gazette, No. 67/18)
- Law on Amendments to the Income Tax Law (RS Official Gazette, No. 67/18)
- Law on Amendments to the Law on Use, Possession and Carrying of Goods Tax (RS Official Gazette, No. 67/18)

- Law on Amendments to the Law on Enforcement Procedure (RS Official Gazette, No: 67/18)

GOVERNMENT OF REPUBLIKA SRPSKA

- Regulation on Packaging and Packaging Waste Management (Official Gazette RS, No. 58/18)

MINISTRY OF FINANCE OF REPUBLIKA SRPSKA

- Rulebook on Conditions, Calculation, Registration and Payment Methods of Contributions (RS Official Gazette, No: 68/18)
- Rulebook on Procedure, Calculation Method and Exercising the Right of Income Tax Exemption and Deduction (Official Gazette RS, no: 68/18)
- Rulebook on Methods of Analyzing the Justification of Tax and Non Tax Duties (RS Official Gazette, No: 68/18)

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

- Amendments to the Rulebook on the Register of the Waste Management Issued Licenses (RS Official Gazette, No. 14/18)
- Amendments to the Rulebook on Conditions for Issuing an Air Quality Monitoring License (Official Gazette of RS, No. 57/18)
- Amendments to the Rulebook on Categories, Examination and Classification of Waste (RS Official Gazette, No: 57/18)

MINISTER OF AGRICULTURE, FORESTRY AND WATER MANAGEMENT OF REPUBLIKA SRPSKA

- Rulebook on Conditions and Methods for Storage, Transport and Marketing of Organic Products (Official Gazette RS, No. 67/18)

MINISTRY OF INDUSTRY, ENERGY AND MINING OF REPUBLIKA SRPSKA

- Rulebook on the Procedure for Issuing and Suspension of the License for Geological Research, License Forms and License Register (RS Official Gazette, no: 20/18)

BANKING AGENCY OF REPUBLIC OF SRPSKA

- Decision on Conditions and Procedure for Issuing Permits, Approvals and Consents to Banks in Republika Srpska (Official Gazette RS, No. 4/18)

SECURITIES COMMISSION OF REPUBLIC OF SRPSKA

- Amendments to the Rulebook on Conditions and Procedure for Issuing a License for Management Board Members of the Investment Fund Management Company (Official Gazette RS, No. 15/18)
- Amendments to the Rulebook on Conditions and Procedure for Issuing a License to a Stockbroker for Performing Securities Transactions (Official Gazette RS, No. 15/18)
- Amendments to the Rulebook on Performing Custody Operations (Official Gazette RS, No. 15/18)
- Amendments to the Rulebook on Conditions and Procedures for Acquiring a Broker License, Investment Advisor License and Investment Manager License (Official Gazette of the RS, No. 15/18)
- Amendments to the Rulebook on Investments in Open-end Investment Funds (Official Gazette RS, No. 15/18)
- Amendments to the Rulebook on Conditions and Procedure for Issuing Securities (RS Official Gazette, No: 33/18)
- Rulebook on Charges and Guarantees of Power, Energy, Mining and Geology Concessions (Official Gazette RS, No. 79/18)

In focus

- As expected the real GDP of B&H decelerated to 3.2% annual pace in the third quarter of 2018, down from solid 3.6% pace in the prior three months. We reckon on even stronger slowdown in Q4 2018 which will pull back the overall GDP growth towards our target rate of 2.8% yoy respectively.
- The cumulative inflation in 11 months of 2018 stands at 1.4% yoy which is only 10 bp lower than our target rate for the previous year. Inflation level should remain stable at 1.5% yoy also in 2019, as no further oil price pressures in 2019 are expected.
- According to published preliminary data of the Central Bank of Bosnia and Herzegovina, FDI net inflow for in nine months of 2018 was 668.6 million KM (341.9 million Euros), thus achieving and slightly shifting the amount from the same period of 2017 (increase by 0.1%), but also an upward trend in relation to the five-year FDI average (21.6% increase).
- Current state account deficit decreased by 8.0% yoy (compared to the same period of 2017) as a result of Q3 2018 - thanks to the record value of exports of services and the strong inflow of remittances from abroad.
- Considering the structure of the current state account, the trade deficit recorded a growth of 2.5% yoy reaching the amount of 5.59 billion KM (in first three quarters of 2018, BiH exported goods worth 7.46 billion KM and imported goods worth 13.05 billion KM). At the same time, the service account surplus reached a record value of 1.87 billion KM (service exports amounted to 2.7 billion KM and service imports of services amounted to 816 million KM). Almost 50% of BiH exports of services refer to the tourism category (revenues from services provided to tourists). Given that tourism is one of the fastest growing economic branches in BiH, we expect continuous revenue growth in this category and in the coming years. The secondary account surplus amounted to 2.89 billion KM, and remains the largest liquidity category in the current account structure. Compared to GDP, the current account surplus is 8.8%, making BiH economy still at the top of the European economies dependent on foreign exchange inflows. ■

BIH ECONOMIC OVERVIEW

BOSNIA AND HERZEGOVINA	2012	2013	2014	2015	2016	2017	2018e	2019f
Nominal GDP (EUR bn)	13.4	13.7	14.0	14.6	15.3	16.1	17.0	18.1
Real GDP (% yoy)	-0.8	2.3	1.2	3.1	3.1	3.0	3.0	3.0
GDP per capita (EUR)	3,452	3,531	3,614	3,784	3,967	4,179	4,865	5,164
GDP per capita (EUR at PPP)	6,900	7,200	7,300	7,500	7,900	8,300	8,800	9,400
Household consumption (real, % yoy)	-0.7	0.0	1.9	1.8	2.2	1.9	1.9	1.7
Gross fixed capital formation (real % yoy)	4.0	-3.0	8.2	2.9	10.8	5.8	8.0	9.5
Industrial output (% yoy)	-5.2	6.7	0.1	2.6	4.3	3.1	4.8	5.0
Producer prices (avg, % yoy)	1.3	-2.2	-0.2	0.6	-2.3	3.0	2.5	2.3
Consumer prices (avg, % yoy)	2.1	-0.1	-0.9	-1.0	-1.1	1.3	1.3	2.0
Average gross wages (LCY, % yoy)	2.2	1.0	0.4	0.6	1.5	2.6	1.3	6.1
Unemployment rate (avg, %)	28.0	27.5	27.5	27.7	25.4	20.5	18.0	16.0
General budget balance (% of GDP)	-2.0	-2.2	-2.0	0.7	1.2	1.0	0.0	0.5
Public debt (% of GDP)	39.9	38.9	42.1	41.8	40.4	37.5	37.0	38.5
Trade balance (% of GDP)	-3.8	-3.5	-3.8	-3.5	-3.4	-3.6	-3.9	-4.2
Current account balance (% of GDP)	-8.6	-5.3	-7.4	-5.4	-4.9	-4.8	-5.1	-5.4
Net foreign direct investment (% of GDP)	1.9	1.3	2.9	1.7	1.6	2.1	2.6	3.3
Official FX reserves (EUR bn)	3.3	3.6	4.0	4.4	4.9	5.4	5.5	5.8
Gross foreign debt (% of GDP)	52.1	52.1	51.7	53.4	54.4	54.2	53.8	53.7
EUR / LCY (avg.)	1.96	1.96	1.96	1.96	1.96	1.96	1.96	1.96
USD / LCY (avg.)	1.52	1.47	1.47	1.76	1.77	1.73	1.65	1.57

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

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