



Foreign
Investors
Council

2020/2021

FIC YEARBOOK

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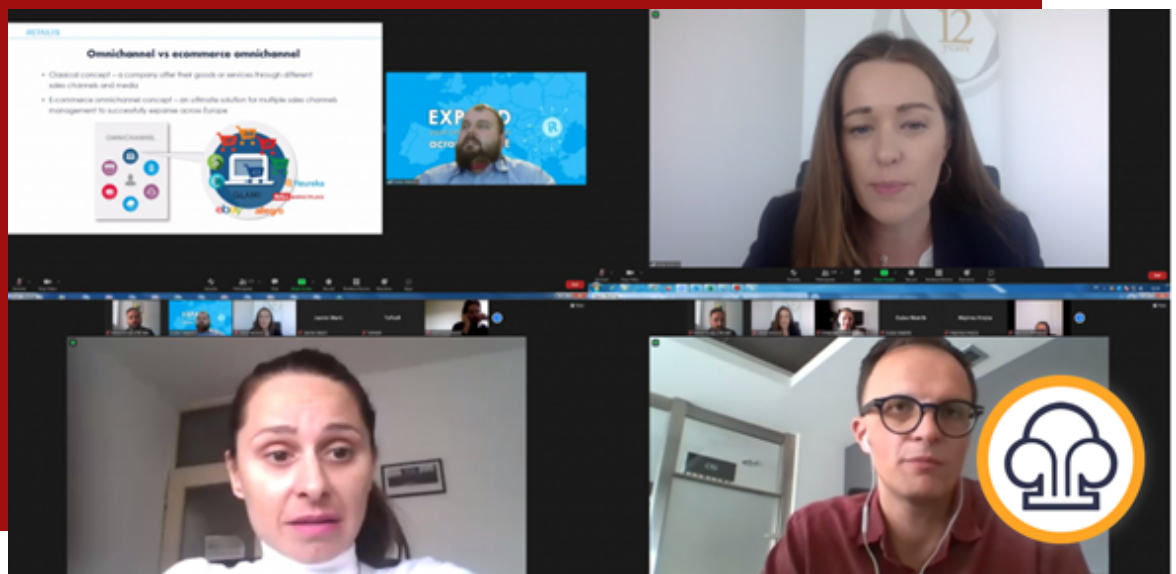
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WEBINAR - CHALLENGES OF EMPLOYERS DURING COVID-19 PANDEMIC

Foreign Investors Council in BiH (FIC) together with Foreign Trade Chamber of BiH (VTK) organized a webinar entitled "Challenges of employers in the field of labor law & personal data protection during COVID-19 pandemic", on Thursday, April 23, 2020, via Zoom online platform. During the webinar, we will discuss various issues of interest to employers that have become relevant as a result of the COVID-19 pandemic, which brings with it the challenge of survival in the market for many companies. The aim of the webinar is to improve knowledge in the field of labor law and personal data protection, and for participants to exchange experiences in this area at a time when we are facing great challenges. The webinar is intended for workers, entrepreneurs, directors and managers.

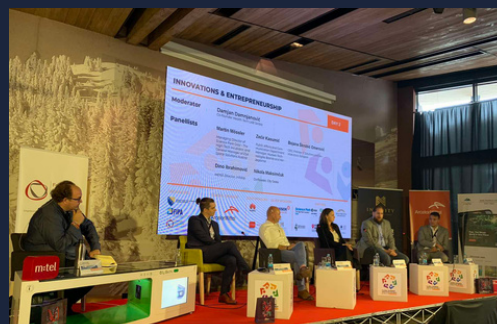
WEBINAR - E-COMMERCE IN BOSNIA AND HERZEGOVINA



The Foreign Investors Council in Bosnia and Herzegovina (FIC) and the Foreign Trade Chamber of Bosnia and Herzegovina (VTK BiH) organized on Tuesday, October 26, 2021, through the Zoom platform, webinar on the topic "E-commerce in Bosnia and Herzegovina: creating an online store (web shops), advantages, disadvantages, models and methods of payment online". The aim of the webinar was to improve the knowledge of participants in the field of e-commerce from various aspects, and mutual exchange of experiences of participants in this very current area at a time when we are facing great challenges. Given the high level of interaction, exchange of experiences and numerous questions asked and answered, it is gratifying to note that the goal of the webinar has been met. In the introductory address, Ms. Sanja Miovčić, Executive Director of the FIC, introduced the participants to the work, activities, goals, mission and vision of the Foreign Investors Council. Mrs. Miovčić thanked those present for the great response and time for attending this webinar. The 127 participants present at the webinar is the best indicator of how current this topic is. The webinar participants were addressed by Mr. Mirza Konjo on behalf of the Institute for Education of the Foreign Trade Chamber of BiH. He pointed out that the coronavirus pandemic has accelerated the implementation of many activities with the prefix 'e', such as e-commerce, e-learning, etc. In times of challenge and crisis, owning an e-commerce was key to presenting products and services to potential customers.

THE FIRST SET OF GLOBAL BUSINESS EXECUTIVE RETREAT 2021 HAS BEEN SUCCESSFULLY COMPLETED

The first conference called Global Business Executive Retreat 2021, held from 1 to 4 July on Mount Jahorina, organized by the Agency for Foreign Investment Promotion in BiH and the Council of Foreign Investors in BiH (FIC), and sponsored by the Ministry of Foreign Trade and economic relations of Bosnia and Herzegovina, has been successfully completed. During the three days, the conference was attended by hundreds of participants from different parts of the world, as well as more than thirty panelists and keynote speakers, who covered the topic of free zone, innovation and entrepreneurship, digitalization and tourism today through interesting panels. On the first day of the conference, a panel discussion was held related to the establishment of free zones in Bosnia and Herzegovina according to the model of the most famous free zones in the world and the region. In addition to the Minister of Foreign Trade and Economic Relations of BiH, Staša Košarac, this panel was attended by the President of the Foreign Investors Council, Branimir Muidža, and two keynote speakers, Zoë Harries, Senior Advisor for Foreign Direct Investment and Special Economic Zones and Project Director Free Zone of Dubai (HIF), Harries is an expert on zone competitiveness and business modeling and heads the World HIF Advisory Department and supports governments, special economic zones and business parks in attracting foreign investment.



RECOMMENDATIONS HAVE BEEN GIVEN FOR THE RECOVERY OF TOURISM AND ATTRACTION OF FOREIGN INVESTORS

On the second day of the conference, panel discussions were held dedicated to high technologies and innovations that serve the development and advancement of entrepreneurship. One of the keynote speakers was Martin Mössler, CEO of Science Park Graz from Austria and CEO of ESA Space Solutions, one of Europe's largest innovation and business start-ups who successfully runs and develops around 60 startups a year. Poseban značaj konferenciji dalo je učešće predstavnika investitora iz Zapadne Afrike i osnivača i predsjednika The conference was especially important with the participation of representatives of investors from West Africa and the founder and president of the Business Association of Central and Eastern Europe and West Africa (CEEWABA), Michael A. DADA, who recognized the potential of our companies and pointed out the importance of establishing close business ties with Western countries. Africa, primarily Nigeria and Ghana. On the third day of the conference, the topic "Tourism Today" was discussed, which was attended by representatives of tourist boards and organizations from Sarajevo and the Municipality of Pale. Global Business Executive Retreat 2021 fulfilled all expectations of organizers and participants and created an excellent platform for exchanging experiences and best business practices, but also for networking and starting cooperation of renowned experts and eminent names from the global economic and political scene, the organizers said.

ESG CONFERENCE Environmental/Social/Governance

The Foreign Investors Council in Bosnia and Herzegovina (FIC), AIRE Center and Sustineri Partners organized a conference "Environmental, Social and Corporate Governance (ESG) and the Western Balkans - Towards Sustainable Business" in Sarajevo. In addition to the participants in-live, the gathering was followed by about 200 participants through the online platform. "The Foreign Investors Council in Bosnia and Herzegovina is committed to connecting the entire region with the aim of monitoring new standards and obligations, which may particularly affect the business of foreign companies and large exporters. We recognize the possibilities of companies here and use ESG standards, not as an obligation, but as a challenge and an opportunity", said Sanja Miovcic, Executive Director of FIC. The conference was opened by introductory speeches moderated by Elma Veledar Arifagic from the company "dmb consulting". The Ambassador of the United Kingdom to Bosnia and Herzegovina Matt Field opened the conference, expressing support for the goals of the conference. The program director of the AIRE Center for the Western Balkans, Biljana Braithwaite, added: "For those of us who have been present in the region for many years and working to improve the rule of law and human rights in an effort to respond to the challenges of European integration and globalization. networking, the topic of today's meeting is a long-awaited step forward because we are talking about the responsibility of the business sector, and the contribution it can make in these processes." The conference brought together representatives of companies with experience in implementing and monitoring ESG standards in their operations in the Western Balkans, representatives of key international organizations and financial institutions, and numerous international experts on ESG standards in Europe. At the first panel "ESG - the path to sustainable growth and investment" spoke the UN Resident Coordinator in BiH, Dr. Ingrid Macdonald, Head of the World Bank Office for BiH and Montenegro Christopher Sheldon, Head of the IFC Office for BiH Lada Busevac, Head of the EBRD Office for BiH Manuela Naessl and Herman Brill, Director of Arabesque Asset Management. Leaders of key financial investments encouraged the continuation of activities to promote the ESG standard in the country and the region. The program was followed by a presentation on the role of ESG in the banking sector and was addressed by Gieseppe Zammarachi, Head of Sustainability and ESG Policy of UniCredit Group. The afternoon discussion "Western Balkans and ESG Standards: Opportunity or Necessity" was moderated by Marija Jovanovic, a professor at the University of Essex and an expert in the field of human rights protection in the business sector. After the discussions, the program director of the AIRE Center moderated the final discussion and adoption of conclusions, which was attended by over 200 participants online and 50 guests who had the opportunity to watch the conference in Sarajevo.



FOREIGN INVESTORS COUNCIL AT „EXPO 2020 DUBAI“

Bosnia and Herzegovina is one of the 192 countries that presented themselves in Dubai this year at the oldest and most prestigious exhibition EXPO 2020, in the period from October 2021 to the end of March 2022. Within the program of this exhibition, each participating country has a National Day, as well as Bosnia and Herzegovina. The National Day of Bosnia and Herzegovina at Expo Dubai 2020 was marked on December 18, 2021, and the ceremony includes an address by official representatives of the delegation of Bosnia and Herzegovina and rich cultural and artistic program in the pavilion of Bosnia and Herzegovina. As a member of the Organizing Committee of EXPO 2020 BiH, on that occasion, the Executive Director of the FIC, Sanja Miovcic, visited Dubai as part of the delegation of Bosnia and Herzegovina led by the Speaker of the House of Representatives of the BiH Parliamentary Assembly Denis Zvizdic. In addition to the representatives of the Foreign Investors Council, the delegation consisted of the President of the Organizing Committee of EXPO 2020 BiH, Minister of Economy Adnan Delic, BiH Ambassador to the United Arab Emirates Serif Mujkanovic, Prime Minister of Sarajevo Canton Edin Forto, Minister of Science, Higher Education and Youth Aleksandra Nikolic, Minister of Tourism FBiH Edita Đapo, as a representative of the academic community, Professor Vjekoslav Domljan, and Emir Granov, as representatives of the Dubai State Investment Fund and the business community. During their stay in Dubai, members of the BiH delegation met with representatives of potential investors and other governments, with the aim of connecting with both governments and representatives of the global business community. Representatives of the business community on Sunday, December 19, 2021, attended the Country Business Briefing (CBB) of Bosnia and Herzegovina, where they had the opportunity to present to the interested participants the comparative advantages that BiH offers in the field of entrepreneurship, small and medium enterprises, and attractive projects in the sectors of transport, energy, IT, wood and metal industry, agriculture, and of course in the tourism sector. It is important to point out that the representatives of the business community, who participated in the CBB, responded to the invitation sent by the President of the Organizing Committee, Minister Delic in cooperation with the BiH Foreign Trade Chamber, BiH Employers' Associations, FBiH and RS Entities and Brcko District and the Foreign Investors Council (FIC).



FIC PARTICIPATED IN THE SARAJEVO UNLIMITED FORUM

Foreign Investors Council BiH also participated in and supported the organization of the Forum of Innovations, Technologies and Entrepreneurship "Sarajevo Unlimited", which were held in 2020 and 2021. Under the slogan Adaptability in the new age. Sarajevo Unlimited has become an excellent platform for connecting entrepreneurs, innovators and companies from BiH, the region and the world, which happens once a year. The forum's topics in 2020 focused on the emerging situation caused by the COVID-19 pandemic, especially investment in technology, including a more coordinated and widespread transition to digital forms, investment in smart cities to support community resilience, the transition to virtual workspaces and practices, and maximum inclusion and acceptance of new systems in order to move forward. In 2021, the interested audience had the opportunity to hear famous speakers in the field of digitalization, technology and innovation. As a friend of the forum, the FIC has financially supported Sarajevo Unlimited in the past two years.

FIC AT THE ECONOMIC FORUM OF 2020



The Faculty of Economics of the University of Sarajevo organized the Economic Forum of Bosnia and Herzegovina 2020 for the fourth time. This event, as in the previous three years, was attended by representatives of the executive authorities in Bosnia and Herzegovina and academia. The keynote speaker of the 2020 Forum was Dr. Jeffrey Sachs, Special Adviser to the Secretary-General of the United Nations for the Sustainable Development Goals and Professor at Columbia University. The panelists of the first session were representatives of the Western Balkans 2020 initiative, and their discussion addressed issues of sustainable development goals in the context of the Western Balkans. This panel discussed the situation in the region countries and what these countries can do together to improve the economic and business environment. Speakers of the first panel were: Jadranka Kosor, Prime Minister of Croatia 2009-2011; Filip Vujanović, President and Prime Minister of Montenegro 2013-2018; Mirko Cvetković, Prime Minister of Serbia 2008-2012; Fadil Novalić, current Prime Minister of the Federation of Bosnia and Herzegovina. The moderator of the first session was prof. Dr. Zlatko Lagumdžija. In the second session, representatives of banking sector and the IT sector in BiH and Croatia spoke about the importance of digital development and the future of digitalisation in the Western Balkans, with reference to the banking sector. Speakers of the second panel were: Jasmin Mahmuzić, Director of the Banking Agency of the Federation of BiH; Boško Mekinjić from the Management Board of the Association of Banks; Martina Drvar, Vice Governor of the Croatian National Bank; Mersed Čamdžić, Director of Mistral, and Amina Karić, Vice COO of Authority Partners. The moderator of the second session was Branimir Muidža, President of the Foreign Investors Council in BiH.

FIC INITIATIVE ON AMENDING THE LAW ON PROFIT TAX OF FBiH ADOPTED

The Federal Ministry of Finance, by act no: 05-02-4-8738 / 19-1, today informed the Foreign Investors Council in BiH that the FBiH Government, at its 206th regular session, on January 16, 2020, adopted the Draft Law on Amendments to the Law on Profit Tax by urgent procedure, and submitted to the Federal Parliament, and that the FIC Initiative to amend the Law on Profit Tax was taken into account during the preparation of Draft Law. By the way, the FIC initiative sent to the Ministry of Finance at the end of 2019, emphasize the need to urgently address the problem of negative effects arising from the application of the new international financial reporting standard IFRS 16. As of January 1, 2019, a new standard, IFRS 16 – “Leases €t, is mandatory in the FBiH, which eliminates the difference between the recognition of financial and operating leases with the lessee. Tenants from various industries have faced significant effects from the application of the new standard in the form of an increase in the former rental cost, which now consists of depreciation and interest costs. The cost is significantly higher in the initial years of the lease. Having in mind the current provisions of the Law on Profit Tax of FBiH, depreciation is a recognized as an expense only if the assets are owned by the taxpayer. In this regard, it is urgently necessary to amend the provisions of the Law on Profit Tax in FBiH, which would regulate the tax treatment of depreciation of assets that will be noted in the financial books of the lessee by applying IFRS 16. The initiative proposes to initiate an urgent procedure to amend the provisions of the Law on Profit Tax, which regulates depreciation and interest. As a result of this initiative, taxpayers would receive in due time (before February 2020) the legal basis for proper tax treatment of newly incurred depreciation and interest costs, which arose from the application of IFRS 16, i.e. would not be exposed to additional income tax costs.

INITIATIVE TO AMEND THE NEW RULEBOOK ON THE APPLICATION OF THE NEW LAW ON VAT OF BIH

Based on the needs of monitoring modern business trends, and striving to introduce legal and systemic solutions that will enable efficient monitoring of the origin and quality of trade in goods, based on business and tax practices of neighboring countries (Republic of Serbia), and Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax, the FIC submitted to the Indirect Taxation Authority (ITA) an Initiative to amend the new Rulebook on the application of the new VAT Law of BiH. The structure of the Initiative to amend the new Rulebook on the application of the new Law on VAT of BiH includes: a) Description of the Initiative to amend the new Rulebook on the application of the new Law on VAT of BiH; b) Schematic presentation of the Initiative in practice and description of the model with special reference to the tax part, the occurrence of the obligation, the issuance of a tax invoice, records in tax books; c) Benefits arising from the adoption of the Initiative; d) Example of countries from the region (Republic of Serbia, Republic of Croatia and Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax, guidelines); e) Attachments. Appreciating the flexibility and understanding that the members of the ITA BiH Board of Directors have shown so far towards the FIC and our members, respecting our observations, attitudes and suggestions, we hope that the ITA will be ready to cooperate with the business community in BiH, which in this particular case will result in favorable solutions to the satisfaction of all.

FIC SUBMITTED AMENDMENTS TO THE "CORONA LAW"

After the FBiH Government, at its extraordinary session held on April 6, 2020, formulated a draft Law on Mitigation of Negative Economic Consequences Caused by the COVID-19 Pandemic, and directed it to be adopted by the FBiH Parliament as a matter of urgency, the FIC members of submitted amendments and comments on the proposed Law as well as proposals for measures that would have a significant, positive impact on maintaining the economic activity and financial stability of companies.

THE FIC HAS SUBMITTED A TOTAL OF EIGHT AMENDMENTS

Despite the good intention of the FBiH Government to intervene in the rescue of the FBiH economy, FIC members' opinion is that this legal solution will not produce satisfactory effects, and that the Law should allow real assistance and financial injection to the entire real sector. In this regard, FIC members proposed to amend Article 4 in such a way that business entities covered by this Law have the right to subsidize minimum wages and all related minimum wage contributions, general water fees and accident insurance benefits, in full amount per month, for each employee, starting with the gross salary for the March 2020 and every following month, including the salaries for the month after termination of pandemic, if they have 10% or more drop in revenue compared to the 2019 comparative period.

FIC ACTIVELY PARTICIPATED IN UNBLOCKING THE WORK FBIH SECURITIES COMMISSION

After almost two years of blockade, the FBiH Securities Commission appointed new members, enabling it to function normally. In the past 20 months, at the initiative of many companies and banks, the business community has repeatedly alerted the Parliament and the Government of the Federation of BiH that the FBiH Securities Commission was suspended as a result of not appointing new members of the FBiH Parliament. In that warning, the FIC, together with its partners, pointed out all the consequences that this obstruction of the normal functioning of the Commission may have on the capital market in the Federation of BiH, due to the impossibility of investing funds that are intended and already operational in the securities market. The suspension of the work of the Commission primarily affected the impossibility of recapitalization of companies, preventing them from fulfilling their legal obligations and strengthening the capital base. Due to the impossibility of the Commission's work, tens of millions of KM of investments in BiH have been on hold for a long time. Also, another direct consequence is that in the registration courts in FBiH, due to the impossibility of obtaining a decision on changes of Supervisory Board members (whose approval is conditioned by the Commission's consent), joint stock companies could not change the composition of the Management Board, which in turn prevents the normal functioning of business processes. The Foreign Investors Council in BiH, the Association of Banks of BiH, the Association of Employers of FBiH and the FBiH Chamber of Commerce as institutional representatives of the business community in 2021, worked together intensively to address this problem resulting in the final unblocking of the Securities Commission.

SOLVING THE PROBLEM OF TAX TREATMENT OF THE VALUE ADJUSTMENT OF BANK RECEIVABLES IN THE FBiH

The Foreign Investors Council in BiH sent an initiative to the Federal Ministry of Finance and the FBiH Banking Agency regarding the harmonization of regulations and tax treatment at the level of both entities. This inequality of tax regulations in BiH has put banks that are members of the same group in an unequal position, since most of them in BiH operate as separate business entities in both entities. The negative effects of tax treatment of the value adjustment of bank receivables in FBiH, due to unharmonized regulations are reflected in the fact that in FBiH, there is a fundamental difference in defining the level of credit risk 2, between FBA (Federal Bank Agency) regulations and FBiH Law on Profit Tax, and regulations in Republika Srpska. Unfortunately, non-harmonization of tax regulations between the entities has negative effects on the operations of banks, especially those belonging to the same group, which have legal entities / branches in both entities. In this case, banks from the Federation suffer negative economic consequences due to unequal treatment and access to taxation and face the problem of keeping double records. Relying on the successful cooperation of the FIC with these two institutions so far, a series of meetings were held in 2021 with the aim of resolving legal conflicts and harmonizing tax regulations in both entities.



FIC PARTICIPATED IN DEVELOPMENT STRATEGY OF SARAJEVO CANTON 2021-2027

Upon invitation by the Institute for Development Planning of Sarajevo Canton (KS), representatives of the FIC participated in online workshops on defining priorities and measures in the field of economic development and labor market in order to create the Development Strategy of Sarajevo Canton 2021-2027. In addition to the representatives of the FIC, the workshops were also attended by representatives of chambers of commerce, development agencies, line ministries and representatives of the real sector. At the online workshops, participants identified the following proposals for priorities and measures in the field of labor market: More efficient employment mediation; Strengthen the employment mediation and improve the reputational capital of the KS employment service; Activate the long-term unemployed citizens and increase the "effective" labor force supply; Increase the effectiveness of current employment measures. When it comes to proposing priorities and measures in the field of economic development, the workshop participants concluded that the focus of the Sarajevo Canton in the next five years must be on the implementation of the following measures: Creating a business-friendly environment; Increase the efficiency of administrative procedures; Reduction of fiscal and parafiscal burdens for business entities; Development of entrepreneurial infrastructure; Strengthening the competitiveness and export orientation of business entities; Improve the technological infrastructure and innovation of business entities; Increase the digitalization of the economy; Encourage the digital transformation of business entities; Strengthen support for the development of the IT sector and creative industries.

FIC PRESIDENT MET WITH REPRESENTATIVES OF THE EUROPEAN COMMISSION

MEETINGS

During the visit of the members of the European Commission (DG ECFIN, DG NEAR and DG Employment) to Bosnia and Herzegovina as part of the evaluation of the Economic Reform Program of Bosnia and Herzegovina for 2020, a meeting was held with the FIC President, Branimir Muidža. The reason for the meeting was the fact that in May 2019, the revised guidelines for the preparation of the Economic Reform Program were submitted to the candidate and potential candidate countries for EU membership, and the countries were invited to submit the document to the European Commission by January 31, 2020. This process will be repeated every year, so that the evaluation will lead to the preparation of a set of targeted policy guidelines and regular review of policy implementation. The aim is to ensure that the knowledge gained during the one-year process enters directly into the next process, to achieve continuous improvement of economic policy. At the meeting also discussed the views of the business community on aspects that would deserve special attention of the European Commission during the preparation of this economic plan, especially the views on the main obstacles to doing business with the EU and the region in the field of trade in goods and services, customs, e-commerce.



FBIH GOVERNMENT COUNCIL FOR FOREIGN INVESTORS HELD A MEETING

A comprehensive analytical review of foreign investment in the Federation of BiH in the year of the projected global recession caused by the COVID-19 pandemic was the main point of the 7th session of the FBiH Council for Foreign Investors held on June 24, via a video link at the FBiH Government headquarters in Sarajevo, chaired by Federal Minister of Trade Zlatan Vujanovic.

"EVERY CRISIS IS A CHANCE FOR THE SITUATION TO STABILIZE AND THE ECONOMY TO RECOVER, FIRST OF ALL BY ATTRACTING FOREIGN INVESTMENT AND CREATING A BETTER BUSINESS ENVIRONMENT"

According to the data presented by Goran Mirascic, the Council member and advisor to the federal prime minister, it is estimated that the recession in FBiH will amount to minus 3,2 to 5 percent, and if we take into account that before the pandemic the planned GDP growth was 2,8 percent, then the amount of the fall would be between 6 and 8 percent. However, as he pointed out, every crisis is also a chance for the situation to stabilize and the economy to recover, primarily by stopping the negative spiral trough attracting foreign investments and creating a more favorable business environment. Stating that the world economy has shown instability after the corona virus pandemic, President of Foreign Investors Council in BiH and FBiH Council member, Branimir Muidza gave the example of the Kakanj Cement Factory (Heidelberg Cement Group, which despite the disruption caused by pandemic, recorded significant production, sales and exports. The conclusion of all participants at the meeting was that despite to all negative effects of the pandemic, this is a chance for the economy in FBiH to strengthen, restructure and improve the business environment and adopt the necessary legislation, to take a position that will allow significant foreign investment in future.

FIC HELD A MEETING WITH THE MAYOR OF ZVORNIK



“Zvornik has made further progress this year when the Business Friendly Environment Certificate (BFC) was obtained and many procedures for potential investors have been simplified,” Zvornik Mayor Zoran Stevanovic said after meeting with Sanja Miovcic, executive director of the Foreign Investors Council. At the meeting were discussed investment opportunities in the city of Zvornik, cooperation with existing investors, and current investment projects. A special topic of the meeting was the initiative to open a free zone in the city of Zvornik, which due to the proximity of the border with the Republic of Serbia has excellent potential for facilitated foreign trade, which would enable the creation of significant jobs in this city. The executive director of the Foreign Investors Council, Ms. Miovcic, pointed out that the establishment and improvement of the regime of free zones in the Republic of Srpska would lead to an increase in the amount of direct foreign investments. “Experiences from the region of the Western Balkans show that free zones attract a significant number of foreign investors who currently play an important role in the economies of these countries,” said Miovcic. After the meeting, the delegation visited the Swiss company “Zeohem”, which opened a factory in Zvornik in 2018 and started production for the processing of zeolites and chromatographic gels. More than nine million Swiss francs have been invested in the realization of this investment.



The members of the Foreign Investors Council in BiH dealing with the distribution and sale of food supplements and special purpose foods currently have a problem which is reflected in the unnecessary duplication of collecting documentation for registration of food supplements and special purpose foods in FBiH and RS. Namely, during the registration process, companies are obliged to prepare the necessary documentation twice and pay the registration fee twice, in each entity separately. This practice creates significant costs for companies on a monthly basis, which ultimately affects the price of the product itself. In addition to costs, this practice also creates difficulties in the work of companies because they are forced to collect double documentation for the same product, which they must submit to two different geographically distant places (e.g. going to Banja Luka twice, once for submitting an application, the second time for taking an expert opinion and going to the Ministry for further processing), in the Federation of BiH, going to the Federal Institute of Public Health. Unfortunately, similar practice is present in the registration of other goods groups such as chemicals, biocides, then batch labeling and imports of food of animal origin. For example, in the Federation of BiH, the new Law on Chemicals (which is harmonized with the Law on Chemicals in RS and EU regulations) is not applied, but the practice prescribed by the old Law on Chemicals in FBiH is still present. Then, when it comes to batches, the cost of labeling per piece is 0.05 KM, which causes companies a double monthly cost of thousands of convertible marks just for labeling the batch. Furthermore, when importing food of animal origin, many companies face different import practices, the cause of which is the vague instructions of the BiH Veterinary Office regarding the declaration of products. Unclear practices and rules lead to unequal treatment of importers.

MEETING WITH THE MINISTER OF FOREIGN TRADE AND ECONOMIC RELATIONS OF BIH

The Executive Director of FIC Sanja Miović held a meeting with the Minister of Foreign Trade and Economic Relations of BiH, Mr. Staša Košarac. The topic of the meeting was the improvement of the investment climate and the implementation of current investment projects in BiH, as well as ways to strengthen cooperation between the Council of Foreign Investors and the Ministry in areas of interest to foreign investors in the country.

CURRENT OPEN ISSUES DISCUSSED: LICENSES FOR EMERGENCY IMPORT OF MEDICINES, BLOCKADE OF THE FBiH SECURITIES COMMISSION, SIMPLIFICATION OF FOREIGNER ENTRY IN MANAGEMENT POSITIONS WITH TEMPORARY RESIDENCE PERMITS

The meeting also discussed current open issues such as: licenses for emergency import of medicines, blockade of the FBiH Securities Commission, simplification of border-crossing pass for foreigners in managerial positions in BiH, controversial provisions of the Law on Consumer Protection and many other issues, which are crucial for the efficient operation of foreign investors and which require priority solutions to enable normal and easier operations of foreign companies and the inflow of new investments in BiH, that will ensure significant economic growth and better standards of BiH citizens.



FIC AND DMB CONSULTING BECAME A PARTNER FOR CZECH EXPORTERS IN BOSNIA AND HERZEGOVINA

In Bosnia and Herzegovina, businesses from the Czech Republic will have the possibility to use services of the dmb consulting company and the Council of Foreign Investors in Bosnia and Herzegovina. These organisations became a Czech partner for business activities promotion. This new model of business support, known also as programme PROPEA, is a part of the Assistance package of the Ministry of Foreign Affairs of the Czech Republic, designed in response to the COVID-19 pandemic. The partner for economic activities promotion will provide Czech companies with expert services focused on assisting them to enter the local market, developing their activities in Bosnia and Herzegovina, investment preparation or addressing potential difficulties. These services may i.a. include elaboration of a business plan, legal and financial counselling, assistance in setting up distribution channels or promotion and marketing activities. Services provided by the partner for economic activities promotion will be financed partly by the Embassy of the Czech Republic in Sarajevo, which will provide 70% of the funding. The remaining 30% will be charged to the Czech company benefiting from the service. The goal of the PROPEA programme is to provide new level of assistance to Czech companies. This offer will be complementary to the services provided by the Embassy of the Czech Republic and the CzechTrade agency. "Bosnia and Herzegovina offers many business opportunities to Czech companies. At the same time, it is a market where good knowledge of the local environment is very important. Expert support of an experienced local partner, which from now on will be available to Czech companies, can thus substantially contribute to enhancement of Czech-Bosnian economic cooperation," - said the Ambassador of the Czech Republic to Bosnia and Herzegovina Ivana Hlavsova.

STUDY "STUDENT INTERNSHIP IN EUROPEAN UNION COUNTRIES – MODEL PROPOSAL FOR BIH" PRESENTED TO THE PUBLIC

A public promotion and presentation of the study Student Internship in EU Countries – Model Proposal for BiH was held in Sarajevo via the online platform. Models of student internship were presented at the promotion, in which creation FIC also participated, as a member of the ERSE network. FIC became a member of the ERSE (Education, Reform, Security and Existence) network in September last year, which aims to support higher education reform by advocating the introduction of regular student internships, and was formed as part of the EU-funded Student Internship Project. The network consists of representatives of the academic community, business community, student associations and civil society organizations with the aim of introducing regular student internships, which aims to contribute to greater employment and the stay of young people in Bosnia and Herzegovina. The study, was created as a result of workshops with members of the ERSE network, which were held during the first half of March this year in Sarajevo. Vladimir Pandurević, Programme Manager Civil Society/EIDHR/Culture/Youth at the Delegation of the European Union to BiH, and Diana Šehić, Director of the NGO "Rights for All", who are the project leader, addressed the participants with a welcoming speech. The author of the study, Nina Branković, presented at the promotion the proposals of the student internship model that could be applied in BiH, after which a discussion was held with the participants.

MEETING WITH THE NEW SECRETARY GENERAL OF AMCHAM BIH

The Executive Director of FIC, Sanja Miovcic, met with Mr. Nedim Hamzić, the new Secretary General of the American Chamber of Commerce in BiH (AmCham BiH), a non-governmental organization and part of the European and global network of AmChams, whose task is to establish a platform to develop business opportunities and promote high standards of business practice and strengthen partnerships between the business community and BiH government bodies at all levels. The topics of the meeting were the presentation of new internal changes and the newly elected management of AmCham BiH and the strengthening of the current cooperation of these two organizations. In addition to the refreshed and redefined mission and vision of AmCham BiH as well as the new strategic approach in the work, it was pointed out that this organization in its future work plan will focus on strengthening cooperation with FIC BiH, especially considering that some of the most successful companies are the members of both organizations. Both representatives concluded that future joint activities should be focused on the specific needs of their members.



FIC IN COOPERATION WITH GIZ GMBH ORGANIZED WEBINARS ON THE DEVELOPPP.DE PROGRAM

As a result of long-term cooperation between the of Foreign Investors Council in BiH and the German Society for International Cooperation (GIZ GmbH), from February 2021, FIC organized a webinars for its members to present opportunities for development cooperation with the private sector through develoPPP.de program. The goal of the webinar is to gain first impressions of the develoPPP.de program, what GIZ offers to private companies through this program, what are the criteria for participation, how to apply and more. "The private sector is a driver of development, especially in the countries of Southeast Europe. But sometimes companies face challenges in promoting innovative projects and commercial investments all in order to achieve sustainable growth. This is where the interests of companies and German development cooperation intersect, and the best results are achieved by joining forces and partnership", – explained from the GIZ Sarajevo office. Launched by the German Federal Ministry for Economic Cooperation and Development (BMZ), the develoPPP.de program offers a simple and attractive way to support business challenges that can be turned into development opportunities. Joining forces with German development cooperation creates a win-win situation that benefits both companies and the state, and ultimately its citizens. Cooperation with the private sector offers the GIZ GmbH great opportunities to mobilize additional expertise and resources in achieving the development goals of the partner countries. Development partnerships with the private sector are becoming increasingly important from the aspect of dynamic and synergistic development of GIZ's portfolio in the region.

FIC PARTICIPATED IN THE WORLD BANK'S FOCUS GROUP ON THE IMPACT OF COVID ON RESOLVING COMMERCIAL DISPUTES

The World Bank team, who is in charge for “BiH Commercial Justice Technical Assistance Project”, organized a focus group for lawyers from Bosnia and Herzegovina who are active in the field of economy, including law firms that are FIC members, such as: Dimitrijevic & Partners, Maric & Co, CMS Reich-Rohrwig Hainz, Wolf Theiss, DMB Legal and Karanovic & Partners. The general topics for discussion in this focus group were as follows: a) the impact of the COVID pandemic on the work of the courts in BiH and b) the impact of the COVID pandemic on the economy – legal aspects and the most common legal issues. The lawyers discussed and shared information about their experiences so far on the mentioned topics. The focus group was held as an online one-hour meeting. By the way, this Project aims to support justice institutions in implementing reforms that improve efficiency and access to commercial justice in BiH, leaning on the recommendations of the Feasibility Study on Improving Commercial Case Management in the Federation of Bosnia and Herzegovina from 2016. The project consists of five components: (1) strengthening commercial departments and commercial courts in FBiH and RS; (2) speeding up the resolution of small claims based on the results of a comparative legal analysis of civil proceedings in BiH and in several EU countries; (3) increasing access to justice for micro, small and medium-sized enterprises (MSMEs) by developing a guide to increase legal literacy among firms; (4) capacity building through the development and implementation of peer counseling and additional training for judges in the commercial law department; and (5) implementing procedural reforms to close gaps and reduce bottlenecks in case processing through proposed legislative changes.



FIC PARTICIPATED IN CONSULTATIONS ON PRIORITIES RELATED TO THE DEVELOPMENT OF THE NEW IFC STRATEGY FOR BIH

In March 2020, just before the start of the pandemic, IFC completed consultations with stakeholders to discuss a detailed socio-economic analysis of Bosnia and Herzegovina, which was published in a document entitled “Systematic Country Diagnostic Update”. After the analysis, the goal of the IFC was to immediately start developing a strategy for the IFC in BiH, for the next five years, 2021-2025, however, the new circumstances disrupted the original schedule. At the end of 2020, IFC finally started the preparation of a new strategy and thus consultations with representatives of the real sector on priorities and recommendations related to the development of the new IFC strategy, including representatives of the FIC. Working on the preparation of the strategy is a very important moment that will define the areas on which IFC’s work will focus in the next five years and determine how IFC can be helpful in the development of the private sector in the country. “As we define our future program, we want to ensure that we operate in those areas where our contribution is most needed and where our work can be most influential”, said on behalf of the IFC team in BiH.

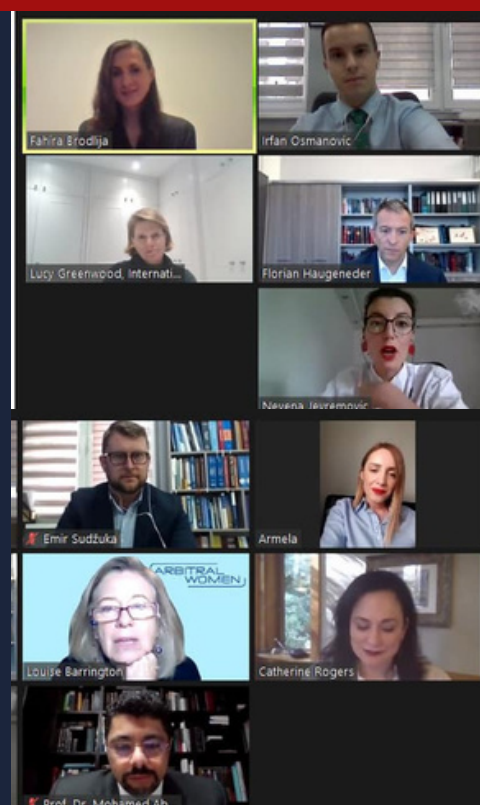
FIC DELIVERED INPUTS FOR OECD'S "SEE COMPETITIVENESS OUTLOOK 2021"



Despite the situation with the COVID-19 outbreak, the OECD (Organization for Economic Co-operation and Development) has started activities related to the new cycle of competitiveness assessment in the Western Balkans "SEE Competitiveness Outlook 2021", as the planned activities can currently be performed online. The assessment of the competitiveness of the Western Balkans economies (Serbia, BiH, Montenegro, Northern Macedonia, Kosovo and Albania) for "SEE Competitiveness Outlook 2021" will last during 2020, ending in February 2021, and the final publication will be publicly announced in summer 2021. In the context of the current situation, which greatly affects all economies in the world, these OECD assessments of the competitiveness of the Western Balkans economies will certainly have a significant place in the plans for economic recovery in the future. The competent institutions of BiH, including the Foreign Investors Council, have so far actively participated in the two previous cycles of assessment of Competitiveness Outlook for 2016 and 2018. In this regard, the FIC, as one of the participants involved in the new assessment cycle, submitted its inputs to the coordinators from the Ministry of Foreign Trade and Economic Relations of BiH, which will be further sent to the OECD services. The competitiveness assessment for "SEE Competitiveness Outlook 2021" this time covers a total of 16 areas (dimensions) that are crucial for the competitiveness of the economy. In that sense, FIC provided inputs for the dimension "Investment Policy and Promotion".

FIC SUPPORTED 'SARAJEVO ARBITRATION DAYS'

The sixth "Sarajevo Arbitration Days" were held online on October 23, 2020. This year's Sarajevo Arbitration Days were dedicated to arbitration practice during the COVID-19 pandemic and the opportunities that arise despite the challenges. World-renowned experts such as Gary Born (Wilmer Hale), Muhammad Abdel Wahab (Zulficar & Partners Law Firm), Lucy Greenwood (Greenwood Arbitration) and many others, spoke about online arbitration, diversity among arbitrators, regionalization in international arbitration, environmental protection and other interesting topics. The Foreign Investors Council of BiH financially supported this event, which is held every year in the organization of the Association "Arbitri".







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