



Foreign
Investors
Council



BUSINESS BAROMETER

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BOSNIA AND HERZEGOVINA



FOREIGN INVESTORS COUNCIL (FIC)

Fra Anđela Zvizdovića 1/14, Tower B
71000 Sarajevo, Bosna & Hercegovina

Tel: +387 33 295 880

Fax: +387 33 295 889

E-mail: info@fic.ba

Web: www.fic.ba

Acknowledgements

It is my honor and pleasure to present the fourth edition of the publication "FIC Business Barometer", which provides a detailed insight into the state of the business environment and investment activities in Bosnia and Herzegovina. I would like to express my sincere gratitude to all members of the Foreign Investors Council in B&H (FIC), whose engagement and participation made this research possible.

An analysis of the previous years shows that, despite the numerous challenges faced by the economy in Bosnia and Herzegovina, our members continue to operate stably, achieving results that confirm their resilience, innovation, and ability to adapt to market changes. It is particularly encouraging to see that, in addition to meeting their business goals, a significant number of members continue to invest in corporate social responsibility projects that contribute to strengthening the community and creating long-term value for the citizens of Bosnia and Herzegovina.

The research results presented in this edition clearly highlight the key trends and priorities of our members, including investment strategies, employment and human resources development, as well as the identification of obstacles and risks in business operations. This data serves not only as a reflection of the current situation but also as an important tool for planning and designing policies that directly impact the improvement of the business environment in Bosnia and Herzegovina.

Over the past year, the FIC has focused on providing continuous support to its members through timely information sharing and expert analyses, enabling companies to make informed business decisions in a dynamic economic environment. At the same time, the FIC actively cooperates with relevant institutions in B&H to identify and implement measures that improve the business climate, reduce administrative barriers, and facilitate the investment process.

We are confident that the fourth edition of the Business Barometer will serve as a valuable tool for planning, resource mobilization, and policy development that strengthens the position of both foreign and domestic investors, contributing to the sustainable economic development of Bosnia and Herzegovina.

The FIC remains committed to activities that support a transparent and competitive business environment, and in the upcoming period, we look forward to continued successful cooperation with partners on the implementation of measures that stimulate economic growth and ensure a stable and predictable environment for investments.

Finally, I would like to express my gratitude to the Program "SEDEP - Sustainable Economic Development and Employment Promotion in BiH", for providing technical and financial assistance, which helped the realization of this research, and to all FIC members who participated in its preparation and development.

Sincerely,



Sanela Karić

President of the Foreign Investors Council in B&H

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Executive Summary

Foreign investments represent one of the most important drivers of international economic cooperation and the development of the host country. They enable domestic companies to connect with foreign partners, creating opportunities for technology transfer, skills development, capacity building, and market expansion. Such investment projects directly contribute to increasing the efficiency and competitiveness of domestic enterprises, generating new jobs, and stimulating overall economic growth, especially in transition economies, including Bosnia and Herzegovina.

Bosnia and Herzegovina has recognized the strategic importance of foreign investments and continues to work on improving the business environment. However, its complex administrative structure and fragmented regulatory system still pose challenges for investors. For this reason, the members of the Foreign Investors Council in B&H (FIC) have prepared this fourth edition of the Business Barometer, with the aim of providing relevant information and recommendations to the authorities to create more favorable investment conditions and improve the position of existing investors.

An analysis of recent years shows that, despite the challenges, investors in B&H demonstrate a high degree of resilience and adaptability. Many companies have implemented new projects, expanded production capacities, and improved internal processes, which confirms the country's potential for long-term investment. These positive examples highlight that B&H possesses resources, knowledge, and strategic advantages that, if further utilized, can significantly enhance its investment climate.

The report clearly outlines the obstacles investors face, as well as the key advantages of investing in B&H. Considering that 38% of members express moderate dissatisfaction with the business climate, it is evident that current unpredictability and regulatory challenges limit the inflow of new investments. Nevertheless, the high level of confidence in the market is demonstrated by the fact that 90% of FIC members recommend B&H as an investment destination, while 65% plan to reinvest in the next three years.

Employment plans indicate a positive trend. More than half of FIC members (63%) intend to increase the number of employees in the next three-year period. The highest demand is for highly educated professionals, particularly in economic and technical fields, while skilled workers in vocational and craft professions are also significantly sought after. This emphasis on human resources highlights the importance of continuously aligning the education system with labor market needs.

Geographic proximity to the European Union, availability of qualified labor force, and low corporate profit tax and VAT rates are identified as key advantages of B&H. Leveraging these factors forms the basis for attracting new investments and strengthening the country's economic stability.

The comprehensive insights presented in this report provide a clear picture of the current state of foreign investments, identify advantages and challenges, and offer guidance for designing policies that will improve the business climate, strengthen the position of investors, and contribute to the long-term economic growth of Bosnia and Herzegovina.



Introduction

The fourth edition of the Business Barometer represents one of the strategic activities of the Foreign Investors Council in Bosnia and Herzegovina (FIC), implemented with the technical and financial assistance of the Program "SEDEP - Sustainable Economic Development and Promotion of Employment in BiH". This publication has become recognized as a unique source of information on the investment climate in B&H, developed through direct communication with companies that contribute to the country's economic development through their capital, knowledge, and innovations.

The Business Barometer is a periodic survey conducted by the FIC among its members—major foreign and domestic investors with the aim of gaining deeper insight into their overall perception of the business environment in B&H, identifying key obstacles to business operations, assessing readiness for reinvestment and employment plans, as well as exploring opportunities to create new business prospects in the country. This edition also presents comprehensive aggregated membership statistics, including data on economic performance, investment structure, and strategic plans.

The previous three editions (2015, 2018, and 2021) provided an important overview of investment trends and perceptions of the business climate in B&H, while the fourth edition offers updated insights reflecting the state of the investment environment amid intensive global technological changes, increased regional competition, and the growing need for B&H to modernize its regulatory and economic policies.

The research results from this edition will be presented to all relevant institutions at the state, entity, and local levels, serving as a well-founded basis for improving the regulatory framework, enhancing public administration efficiency, and designing policies aimed at strengthening the investment climate. In this way, the Business Barometer remains a key tool that enables investors to collectively articulate their needs and recommendations, while guiding decision-makers toward reforms that can generate higher economic growth, new jobs, and long-term stability.

We believe that the authorities in Bosnia and Herzegovina will recognize the importance of the insights presented in this report and use them as a foundation for making bold and necessary economic decisions, which will make B&H a more competitive, attractive, and predictable destination for both existing and new investors.

About the Foreign Investors Council in B&H

The Foreign Investors Council in Bosnia and Herzegovina – FIC (Vijeće stranih investitora – VSI) is a non-profit business association that, since 2006, has brought together the most significant foreign and domestic investors present in the Bosnian market. The FIC currently has over 80 of the largest regional and international companies as members, which have invested more than BAM 9 billion in B&H and employ over 20,000 Bosnian citizens. The mission of the FIC is focused on the continuous improvement of the investment climate and the overall



business environment in B&H. As the leading platform for investors, the FIC actively advocates for reforms, initiates dialogue with institutions at all levels of government, and promotes practices that contribute to a more stable, predictable, and competitive economic environment. Through its expert bodies and working groups, the Council identifies key challenges, analyzes regulations, proposes solutions, and provides concrete recommendations to remove administrative obstacles that slow economic development.

In addition to its advocacy role, the FIC offers a wide range of practical support to companies, including advisory services, knowledge and experience sharing, networking with international partners, and promotion of the highest business standards. The focus is on providing investors with a stable, efficient, and transparent business environment, while also strengthening the domestic business community by transferring global practices, innovations, and technological solutions.

As the unique voice of investors in B&H, the FIC plays a key role in enhancing cooperation between the private and public sectors. Its goal is clear communication, alignment of priorities, and collaborative work to establish a modern regulatory and institutional framework that will attract new investments, strengthen the competitiveness of the economy, and contribute in the long term to better living conditions and a higher standard of living



Implemented by



About the Program SEDEP – Sustainable economic development and employment promotion in BiH

Economic growth is essential for the development of BiH and its progress toward the EU. However, the country faces major skills gaps, weak alignment between education and labour market needs, and slow adoption of digital and green technologies. This limits business competitiveness and employment opportunities. Insufficient cooperation between companies, educational institutions and chambers further slows innovation and the modernization of vocational education.

The Sustainable Economic Development and Employment Promotion Program (**SEDEP**) in BiH, funded by the German Federal Ministry for Economic Cooperation and Development (**BMZ**), the **European Union** and the **Government of Switzerland**, aims to improve employability and support the digital and green transformation of the economy.

How SEDEP contributes to development

Through cooperation with institutions, chambers, vocational schools, companies and innovation centres, SEDEP strengthens the link between education and the labour market, improves the quality of training and supports the development of digital and green services. The program advocates for vocational education reform, creates better conditions for the growth of innovative businesses, and promotes the inclusion of women and vulnerable groups

Three implementation areas:

1. Strengthening Vocational Education and Training (SVET)

SVET improves the quality of vocational education by expanding the dual model to new regions and strengthening cooperation between schools, chambers and companies

Key events in 2026:

- **Company-based mentors** play a key role in connecting education with the labour market. They help students gain practical skills through real work tasks, teach them modern technologies, and develop their professionalism and confidence. This significantly increases youth employability and helps companies build their future skilled workforce. A system for mentor training and certification has been established, with more than **700 mentors** trained across BiH.
- **Master trainers** train company-based mentors and help them develop modern work methods, communication skills and approaches for providing high-quality workplace training. With the support of the program, **32 master trainers** have been trained and certified in BiH, contributing to the development of a skilled and competitive workforce.

2. Private Sector Development (PSD)

The **Private Sector Development** area helps companies introduce digital and green solutions and strengthens collaboration among actors in innovation and the digital economy, with a special focus on empowering women.

Key events in 2026:

- **BOOST2** continues the successful BOOST project and aims to strengthen innovation capacities and competitiveness of micro, small and medium-sized enterprises in BiH. The project connects the private sector, academia, NGOs, development agencies and digital innovation hubs. Through the Innovation Voucher Scheme (IVS), at least **100 companies** will gain access to business, innovation and legal services focused on technological innovation, intellectual property, and digital and green transformation. The project is implemented by **TP INTERA Mostar**.
- **Our Summer School** approach is connecting graduates and teachers from technical and vocational schools with companies across BiH. Participants work on real challenges faced by companies in digitalization and the green transition, supported by teachers and domestic and international experts. Final solutions are presented to companies that can identify future talent, while certificates confirm the students' acquired skills and knowledge.

3. Digital Transformation (DT)

Under the slogan: "We are building a modern BiH through digital excellence in public services", we are strengthening and expand capacity-building measures for public and private actors to enhance their competencies for developing digital services and advancing digital transformation.

Key events in 2026:

- **Modernization of digital infrastructure** in **58 institutions**, including stronger cybersecurity and interoperability to support e-services.
- **Pilot phase of the Digital ID Wallet**, based on EU architecture; full implementation depends on

harmonizing legislation with the EU Electronic Identification, Authentication and Trust Services Regulation (eIDAS).

- Training and qualification programs for increased use of the **Digital Europe Program** are offered jointly with partner institutions to advance digitalisation in highly relevant areas.

Methodology

The fourth edition of the FIC Business Barometer is based on research conducted among the members of the Foreign Investors Council (FIC), with data collected through a structured online survey. This method enabled efficient gathering of relevant information directly from companies operating in Bosnia and Herzegovina, ensuring a high level of timeliness and reliability of responses.

The questionnaire was completed by FIC member companies with the aim of providing a clear and comprehensive insight into the business climate in B&H, the challenges they face in daily operations, and concrete recommendations for decision-makers at the state, entity, and local levels. The research focused on identifying key obstacles in the business environment, as well as proposals for improving the regulatory and institutional framework to facilitate investment activities and accelerate economic development.

Additionally, the survey questions addressed members' business activities during 2024 and 2025, allowing for an assessment of the situation during a period marked by significant global and local economic challenges. More than two-thirds of FIC members participated in the research, representing an excellent response rate and providing high credibility to the results obtained. It is important to emphasize that the data refer exclusively to FIC members and do not cover all foreign investors operating in Bosnia and Herzegovina.

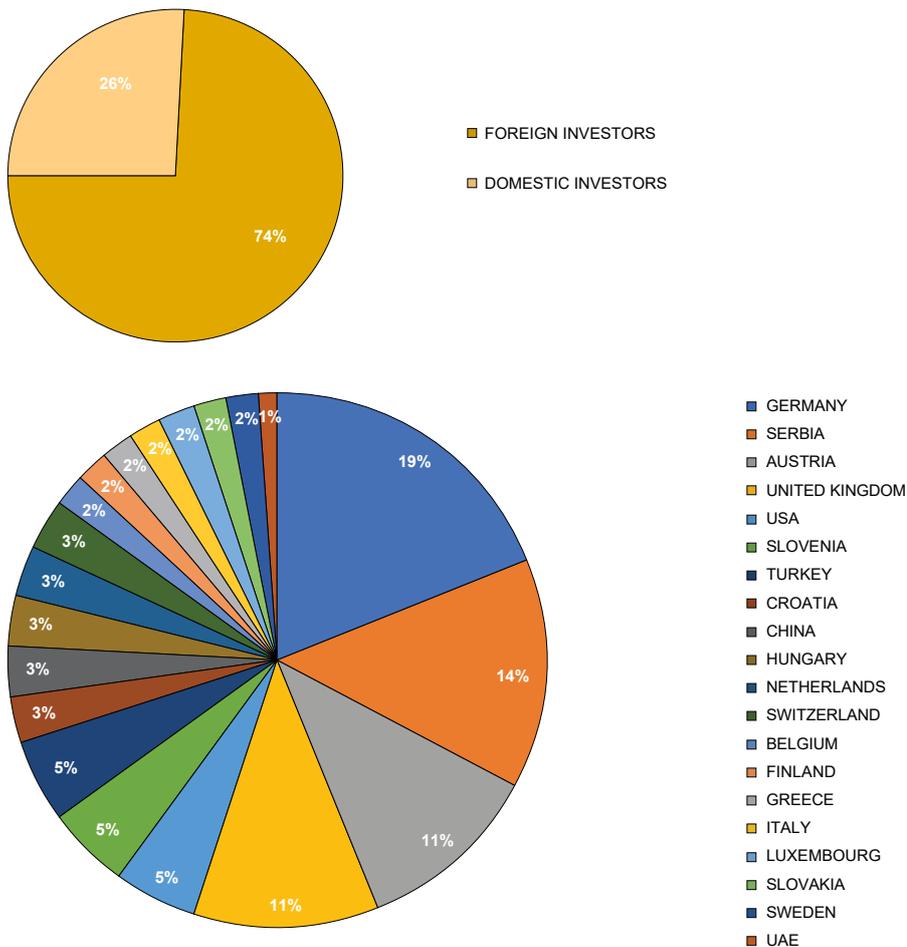
For easier interpretation and visualization, the survey results are presented in the form of charts, tables, and numerical indicators. This approach allows readers, regardless of their level of expertise, to quickly identify the most important trends, priorities, and challenges in the business sector.

This report is intended for a wide range of stakeholders: policymakers, the business community, government institutions, international organizations, and all interested parties. Its purpose is to contribute to identifying obstacles that hinder the attraction of new investments and limit the potential of existing investors. Through the Business Barometer, the FIC seeks to encourage the creation of a more favorable business environment, improve competitiveness, increase reinvestment, expand company capacities, create new jobs, and ultimately raise the living standards of the citizens of Bosnia and Herzegovina.

A – GENERAL INFORMATION ON THE FIC MEMBERS¹

INVESTORS' COUNTRY OF ORIGIN

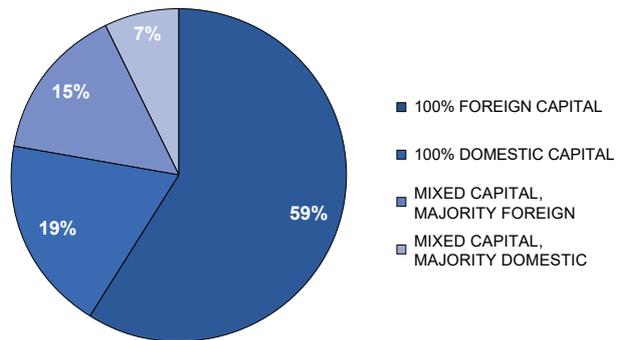
An analysis of investment origins shows that the majority of FIC members are companies with foreign headquarters, accounting for 74% of the total, while 26% are companies headquartered in Bosnia and Herzegovina. Among foreign investors, the largest share comes from companies based in Germany (19%), followed by Serbia (14%), while Austria and the United Kingdom each account for 11%. Next are the United States, Slovenia, and Turkey, each with a 5% share, while all other countries together represent 2–3% each.



¹ General information on the FIC members has been supplemented with the master information maintained by FIC Executive Office, including Country of Origin, Equity Origin, Type of Investment, Legal Status, Type of Economic Activity, and Geographical Distribution of the Investment.

EQUITY ORIGIN

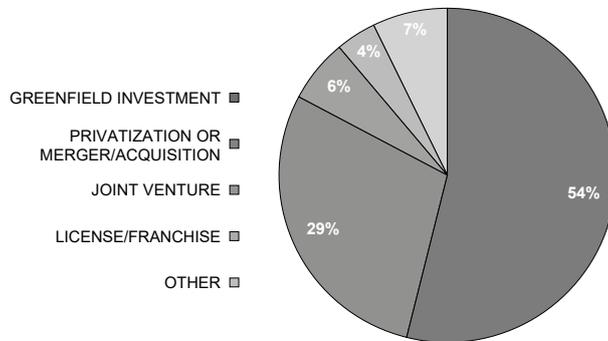
An analysis of the equity origin shows that the majority of FIC members are companies with foreign capital, accounting for 59% of the total. Domestic capital represents 19% of members, while mixed capital makes up the remaining share: 15% of companies have mixed capital with a majority foreign stake, and 7% have mixed capital with a majority domestic stake. These data clearly demonstrate the dominant role of foreign capital among FIC members, alongside a significant presence of domestic and mixed investments.



TYPE OF INVESTMENT

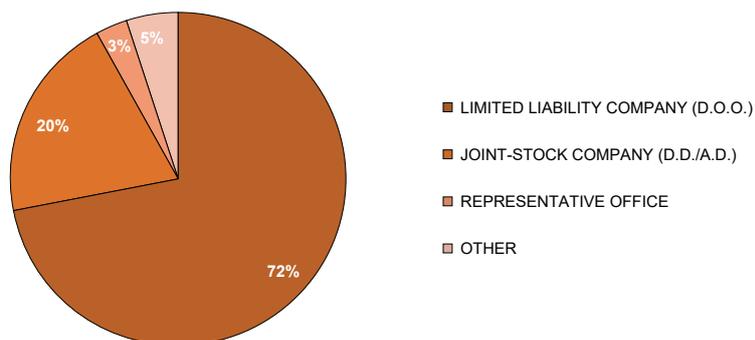
An analysis of the forms of investment among FIC members shows that the majority of companies, 54%, have implemented their investments through Greenfield projects, allowing full control over operations and the implementation of their own standards and technologies. Privatization or acquisition of domestic companies was utilized by 29% of members, while 6% of investments were made through joint ventures with partners.

A smaller number of members, totaling 4%, opted for investment through the acquisition of foreign franchises or licenses, and the remaining 7% of members carried out investments through other, specific forms of investment. This structure clearly demonstrates the diversity of investment strategies employed by FIC members in Bosnia and Herzegovina, depending on their objectives, resources, and risk management preferences.



LEGAL FORM

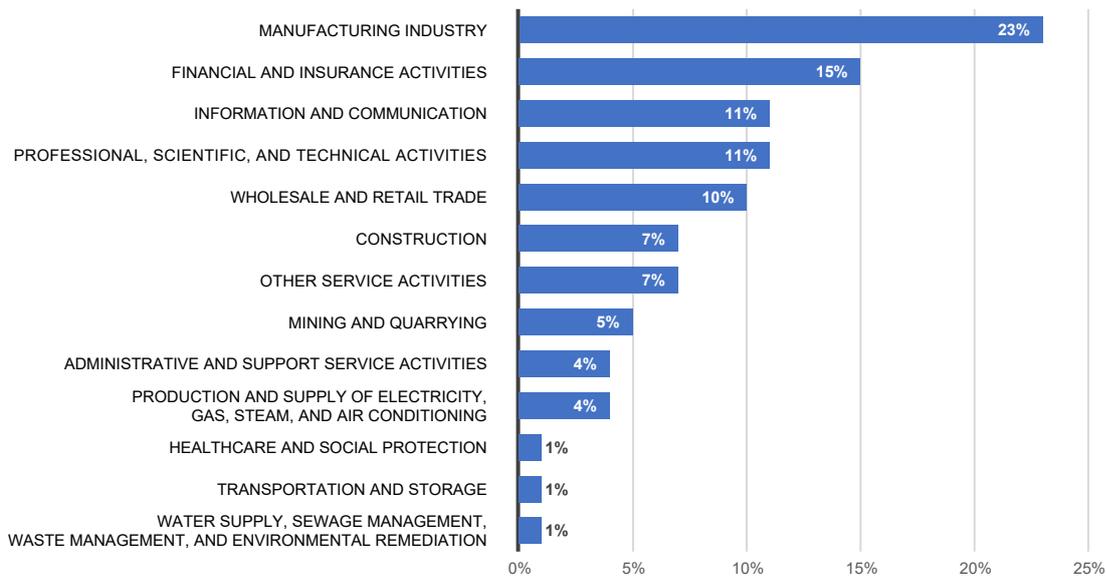
The majority of FIC members, 72%, are organized as limited liability companies (LLCs), reflecting the dominant form of business in the private sector of Bosnia and Herzegovina. Joint-stock companies account for 20% of members, while representative offices make up 3%, and other legal forms of organization, including various types of business units and partnerships, comprise the remaining 5%. This structure indicates that FIC members predominantly choose flexible and practical forms of legal organization, enabling efficient management and easier adaptation to market conditions.





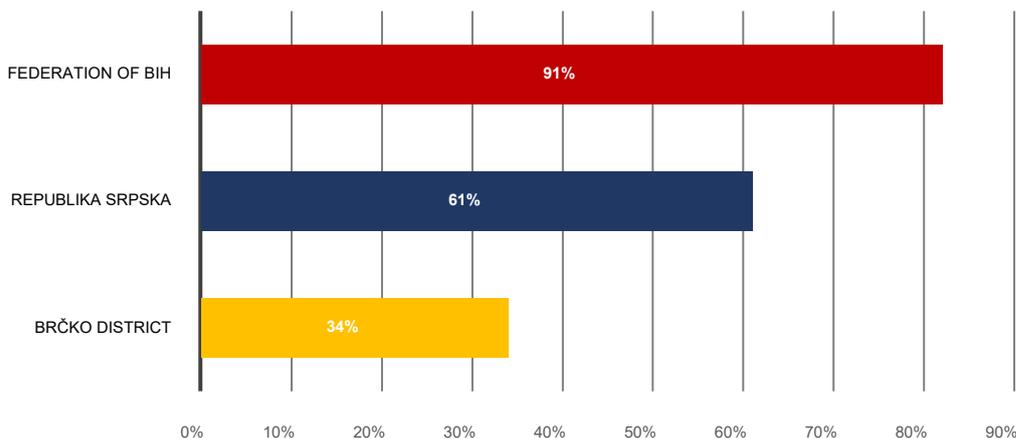
TYPE OF BUSINESS ACTIVITY

FIC members' investments in Bosnia and Herzegovina are realized across a wide range of activities and sectors. The largest share of investments is directed towards the manufacturing industry, accounting for 23% of total investments, while financial activities hold the second largest share at 15%. An equal percentage of companies (11%) have invested in information and communication activities, as well as in professional, scientific, and technical activities. Wholesale and retail trade accounts for 10% of members, while 7% of companies are registered in other service activities and construction. Smaller shares of members invest in mining and quarrying (5%), production and supply of electricity, gas, steam, and air conditioning (4%), and administrative and support service activities (4%). The smallest percentages are found in healthcare and social protection (1%), transportation and storage (1%), as well as in water supply, sewage management, waste management, and environmental remediation activities (1%).



GEOGRAPHICAL DISTRIBUTION OF INVESTMENTS

The majority of FIC members develop their business activities across multiple political-territorial units of Bosnia and Herzegovina, aiming to increase market coverage and diversify operations. Analysis shows that 91% of members have their headquarters or business units in the territory of the Federation of B&H, 61% in the Republika Srpska, and 34% in the Brčko District. These data indicate a broad geographically dispersed presence of FIC members, with many companies choosing to distribute their investments across two or all three units, thereby achieving better market coverage and greater operational flexibility within the country.

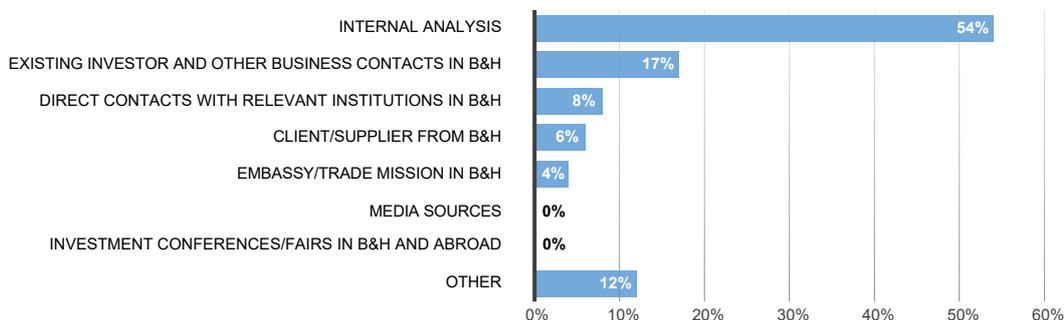




B – INVESTMENTS OF THE FIC MEMBERS IN B&H

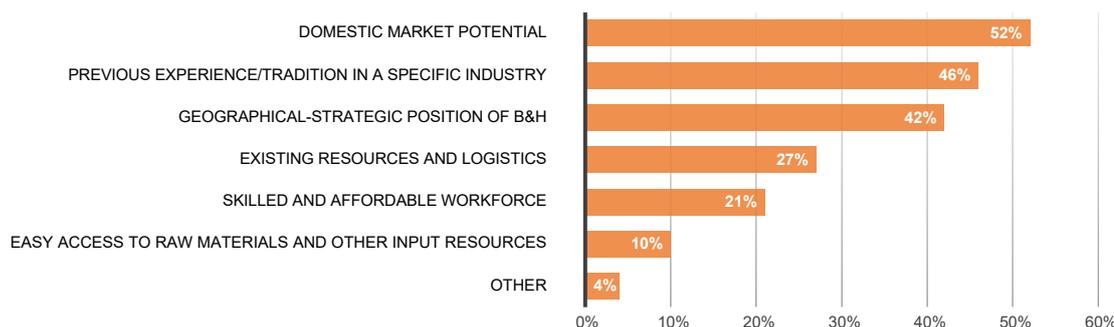
SOURCES OF INFORMATION ON INVESTMENT OPPORTUNITIES

The research shows that most companies gather information on investment opportunities in Bosnia and Herzegovina through internal analyses, as indicated by 54% of surveyed members. A further 17% of respondents obtained information through existing investors or business contacts, while 12% used other sources of information. A smaller share of investors (8%) learned about investment opportunities through direct contact with relevant institutions and authorities in B&H, while 6% gathered information through their clients or suppliers. The smallest share, only 4%, received key information through embassies or trade missions in the country. Media sources and investment conferences/fairs in B&H and abroad received 0% of responses.



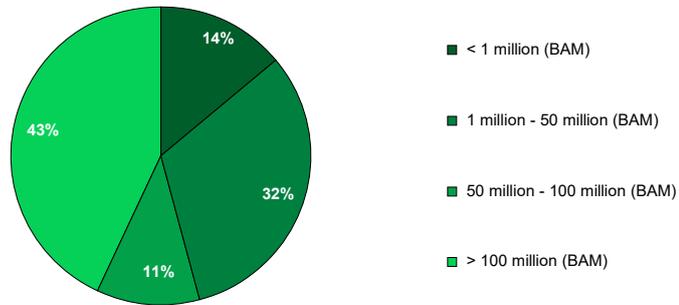
MOTIVATIONS FOR INVESTING IN B&H

FIC members most commonly choose to invest in Bosnia and Herzegovina due to the potential of the domestic market, as well as the country's strong tradition and expertise in certain industrial sectors. In addition, B&H's strategic geographic position, available resources, and developed logistical infrastructure represent significant factors that attract investors. On the other hand, qualified and cost-effective labor, as well as easy access to raw materials, were assessed as less important motivations when making investment decisions in the country.



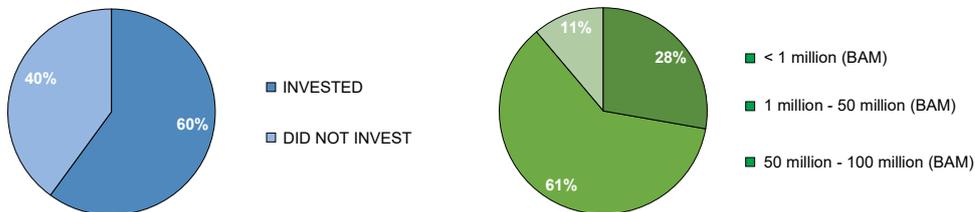
TOTAL INVESTMENTS OF FIC MEMBERS IN B&H

Since beginning their operations in Bosnia and Herzegovina, 43% of members have made investments exceeding BAM 100 million, positioning them among the most significant investors within the FIC network. Furthermore, 32% of companies have invested between BAM 1 and 50 million, while 14% have invested less than BAM 1 million, typically in smaller or phased investments. A total of 11% of members have allocated funds ranging from BAM 50 to 100 million, indicating a consistent level of medium-sized investments in B&H.



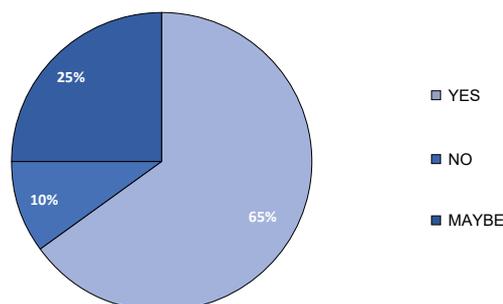
INVESTMENTS OF FIC MEMBERS IN 2024/2025

When asked about their investments during 2024/2025, 60% of FIC members confirmed that they made new investments, while 40% did not invest during this period. Among the companies that did invest, the majority (61%) invested between BAM 1 and 50 million, making this the most dominant investment range. Furthermore, 28% of members invested less than BAM 1 million, while 11% carried out major investments between BAM 50 and 100 million, confirming the presence of substantial capital projects within the FIC network.



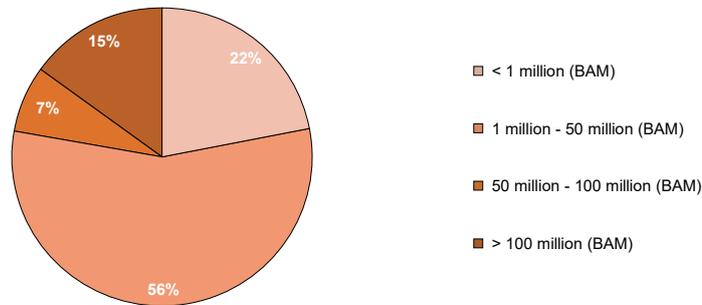
REINVESTMENT PLANS FOR THE UPCOMING THREE YEARS

The survey results show that 65% of the surveyed FIC members are firmly committed to reinvesting in Bosnia and Herzegovina over the next three years, reflecting strong confidence in the market and the overall business environment. In contrast, 10% of companies state that they do not plan any new investments during this period, while 25% responded with “maybe,” leaving room for further assessment of conditions and opportunities. Importantly, not a single company indicated plans to withdraw its existing investments, which represents a positive signal of stability and the long-term presence of FIC members in the B&H market.



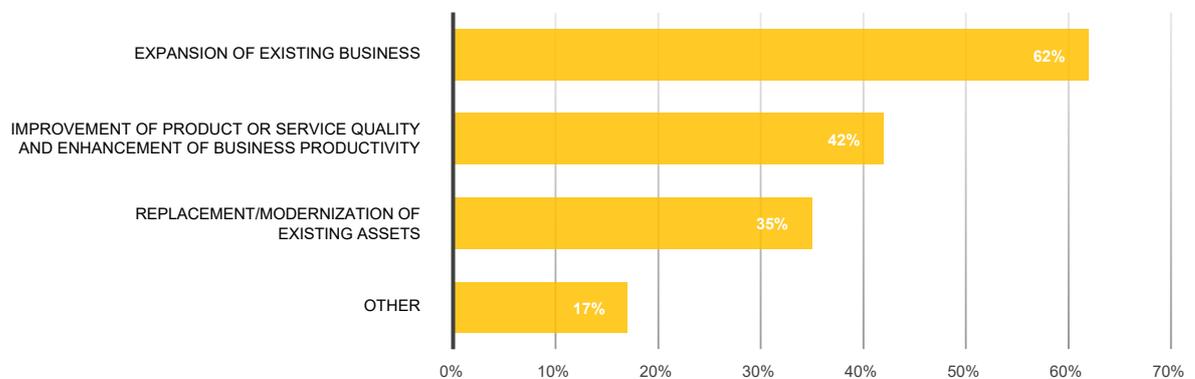
PLANNED INVESTMENT AMOUNTS FOR THE NEXT THREE YEARS

Among the companies planning new investments over the next three-year period, the largest share (56%) intends to invest between BAM 1 and 50 million, reflecting strong investment momentum within this group. Furthermore, 22% of companies plan to invest less than BAM 1 million, focusing on smaller but strategically important investments. On the other hand, 15% of companies announce more ambitious investments exceeding BAM 100 million, while 7% plan investments in the range of BAM 50 to 100 million.



REASONS FOR REINVESTING

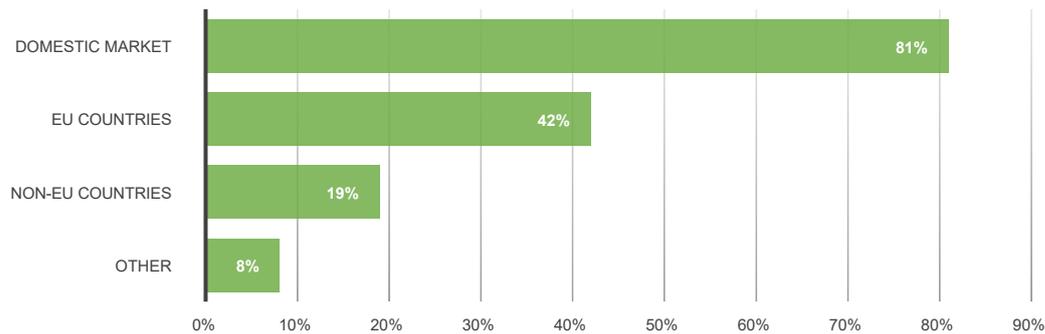
Companies that have decided to make new investments cite various, yet equally important, motivations. The largest share (62%) plan to invest in order to expand their business and strengthen their market position. Additionally, 42% of companies focus on improving the quality of their products and services, as well as increasing overall productivity. About 35% will invest in replacing or modernizing existing equipment, aiming to ensure more efficient and up-to-date processes. Finally, 17% of companies cite other reasons for reinvesting, such as hiring new staff or pursuing digital business transformation.



C – ECONOMIC PERFORMANCE OF THE FIC MEMBERS

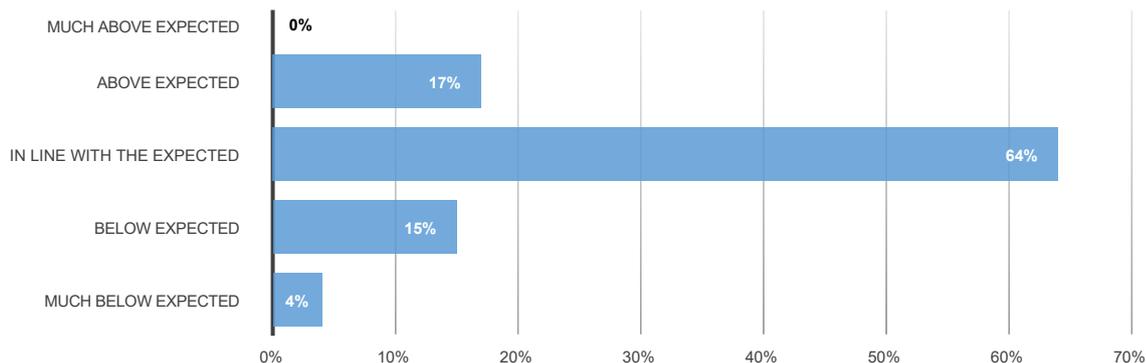
PRIORITY TARGET MARKETS

More than half of the surveyed FIC members (81%) sell their products and services on the domestic market, which is understandable given that most respondents cited the potential of the domestic market as the main motivation for investing in B&H. The second most important market is the European Union, targeted by 42% of companies, highlighting the EU's significance as a key external market. This is followed by non-EU markets, targeted by 19% of members, while 8% of companies sell their products and services to other specific markets around the world.



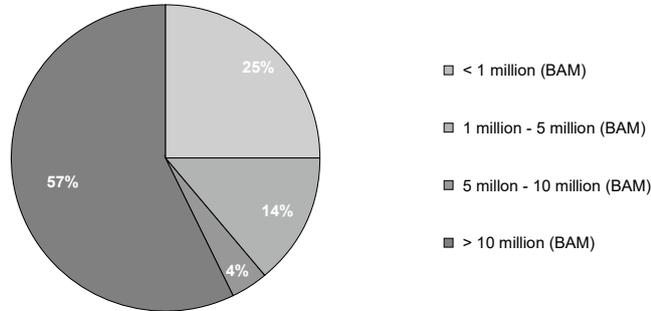
FINANCIAL PERFORMANCE RESULTS

In 2024, 64% of FIC members achieved results in line with their expected business projections and set goals, demonstrating stable and predictable operations for the majority of companies. A further 17% of companies exceeded expectations, while 15% recorded results below expectations. Only 4% of companies had significantly lower results than expected, and none of the surveyed companies achieved results significantly above their planned targets, indicating the realistic nature of the business projections.



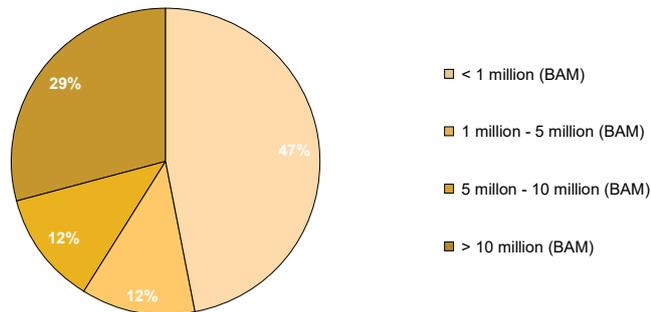
ANNUAL REVENUE RESULTS ACHIEVED IN 2024

In 2024, 57% of the surveyed FIC members generated revenue exceeding BAM 10 million, demonstrating the strong presence and market activity of these companies. A further 14% of companies achieved revenue in the range of BAM 1 to 5 million, while 4% recorded revenue between BAM 5 and 10 million. Finally, 25% of members reported revenue below BAM 1 million, primarily from smaller or phased investments in the B&H market.



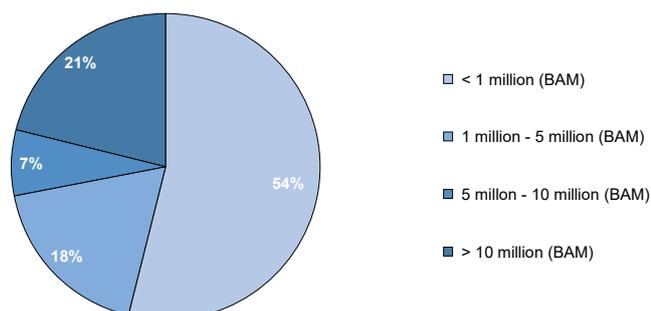
PROFIT RESULTS ACHIEVED IN 2024

Just under half of the companies, 47%, achieved a profit of less than BAM 1 million in 2024. A further 29% of companies recorded a profit exceeding BAM 10 million, placing this group among the most profitable. 12% of companies each achieved profits in the ranges of BAM 1–5 million and BAM 5–10 million, indicating a balanced distribution of profitability among the remaining members.



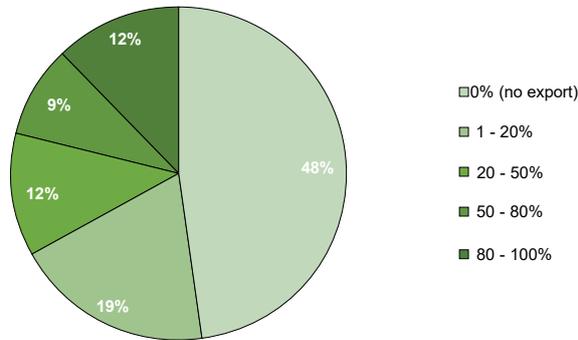
ANNUAL REVENUE FROM EXPORTS IN 2024

More than half of the export-oriented FIC members, 54%, generated annual export revenue of less than BAM 1 million. At the same time, 21% of members achieved exceptionally high export revenue exceeding BAM 10 million, placing them among the most successful exporters. Another 18% of companies recorded exports in the range of BAM 1–5 million, while 7% of members achieved revenue between BAM 5 and 10 million through their export activities.



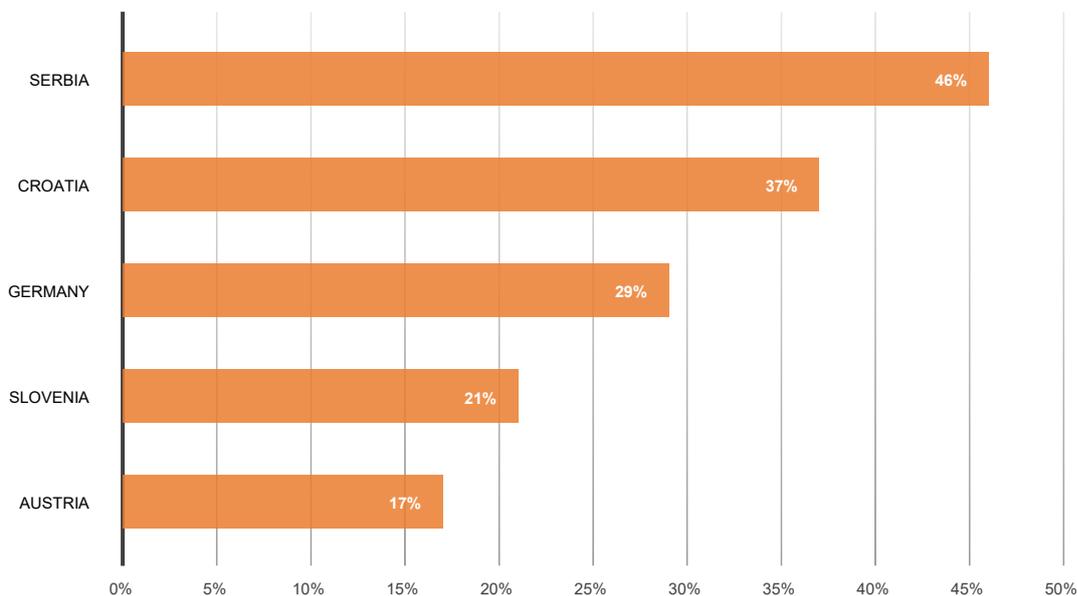
PERCENTAGE OF ANNUAL REVENUE FROM EXPORTS

Overall, 48% of surveyed members reported that they do not generate any revenue from exports of their goods and services. Among those that do export, 19% of companies generate 1–20% of their total revenue from exports. A further 12% of members generate 20–50% of their revenue from exports, while the same percentage (12%) achieves a very high export share of 80–100%. The smallest group, 9% of companies, has an export share in the range of 50–80% of total revenue.



COUNTRIES TO WHICH FIC MEMBERS EXPORT THE MOST

According to the survey results, in 2024 and 2025 FIC members exported the most to Serbia (46%), Croatia (37%), and Germany (29%), which occupy the top three positions on the list of key export markets. In fourth place is Slovenia (21%), while Austria (17%) is the fifth most important destination for the export of products and services by FIC members.

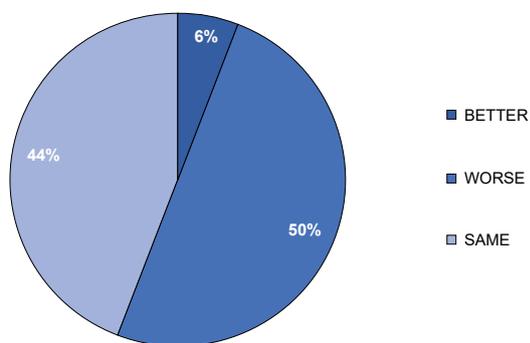




D – ASSESSMENT OF THE BUSINESS CLIMATE IN B&H

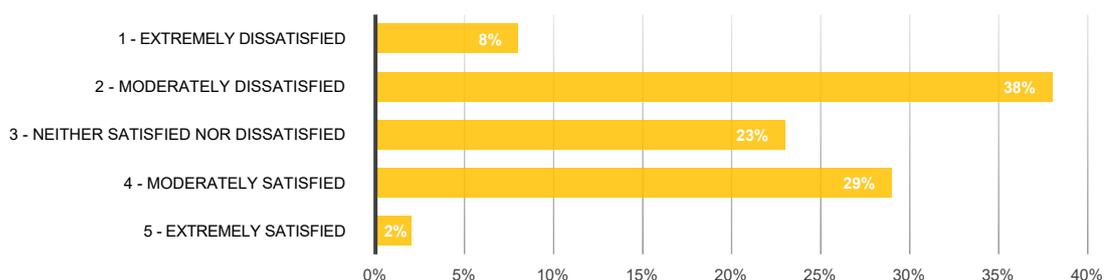
ASSESSMENT OF THE BUSINESS CLIMATE IN B&H IN 2025 COMPARED TO 2024

When asked to evaluate the economic and business environment in Bosnia and Herzegovina in 2025, 50% of respondents believe the environment is less favorable compared to 2024. A further 44% of companies consider that the business environment has not changed from the previous year, while only 6% of respondents feel that the business environment in B&H is better than last year. These results are understandable, given that the 2024/2025 period was marked by increased institutional uncertainty, slower adoption of key reforms, and perceived stagnation in improving the business environment. Additionally, companies pointed to rising operational costs, a shortage of labor, and administrative barriers that continue to slow down their business activities.



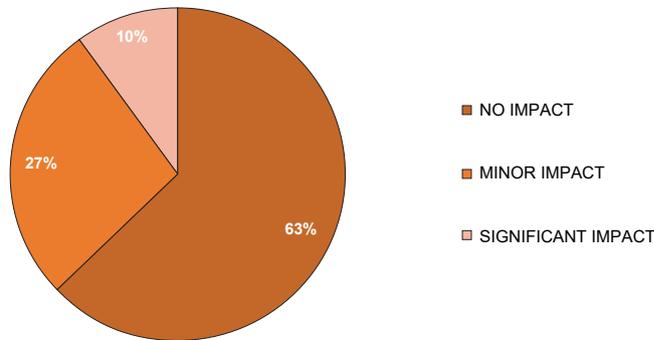
ASSESSMENT OF THE CURRENT BUSINESS CLIMATE IN B&H

According to FIC members, the current business climate in Bosnia and Herzegovina remains far from ideal. The largest share of respondents, 38%, expressed moderate dissatisfaction with the business environment, while 29% of members rated the business climate as moderately satisfactory. An additional 23% of respondents took a neutral stance, indicating they are neither satisfied nor dissatisfied. On the other hand, only 8% of companies reported greater dissatisfaction, and just 2% of respondents stated they are very satisfied with the current business climate in B&H.



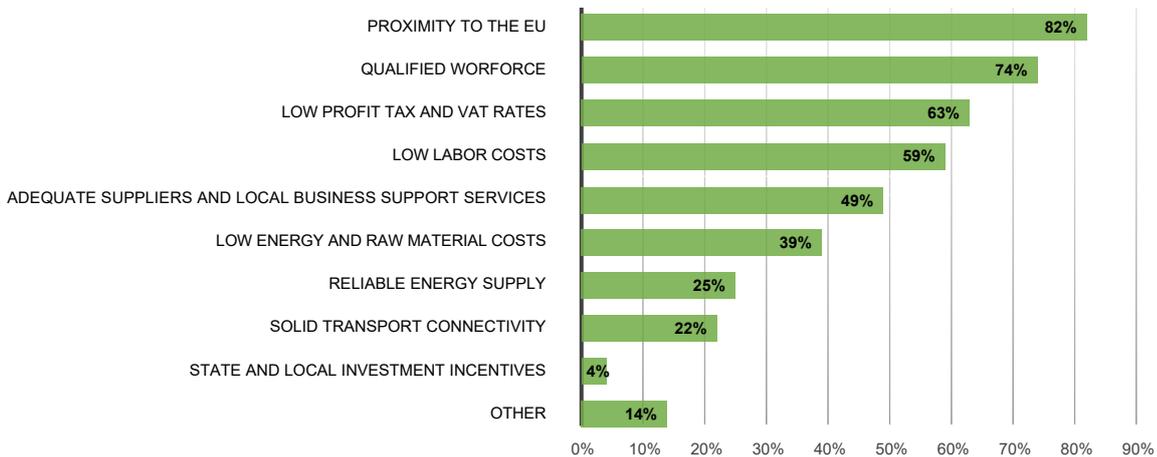
IMPACT OF THE MINIMUM WAGE INCREASE IN FBiH ON FIC MEMBERS

According to the survey results, more than half of the FIC member companies surveyed (63%) did not experience negative effects on their operations or revenues following the recently adopted measures by the Government of the Federation of BiH regarding the minimum wage increase. Another 27% of companies reported a minor but noticeable impact on their business. Meanwhile, 10% of respondents indicated that the minimum wage increases in the Federation of BiH had a significant effect on their operations and financial results. Companies that experienced consequences of these measures most frequently cited increased labor costs, which necessitated adjustments to their business and financial plans. Increases were also observed in the prices of products and services, including external services such as maintenance and security, which became more expensive. In the initial months after the decision, uncertainty was particularly highlighted, as the measure was introduced suddenly and without a comprehensive micro-level impact analysis. Some companies also reported employee dissatisfaction, especially among positions whose salaries approached the minimum wage, affecting internal dynamics and workforce motivation. In certain cases, increased costs resulted in staff reductions, delays in long-term investments, and limitations on the scope of operations. Some companies also faced reduced productivity and pressure on liquidity, particularly in sectors highly sensitive to labor cost changes.



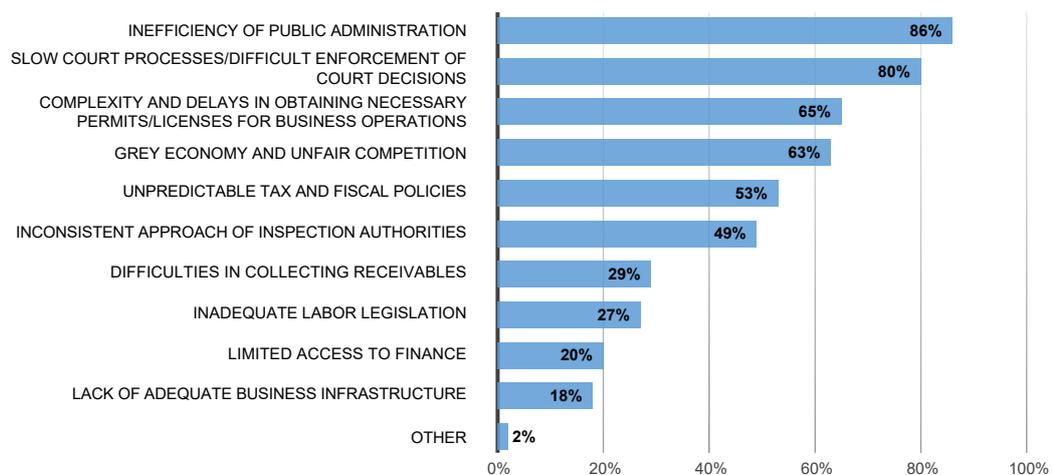
COMPETITIVE ADVANTAGES OF INVESTING IN B&H

According to FIC members, Bosnia and Herzegovina possesses a range of competitive advantages that make it an attractive destination for investors. The most significant advantages include its proximity to the European Union, the availability of qualified labor, and low corporate and VAT tax rates, which together create a favorable and predictable business environment. Following these, companies highlight low labor costs, the presence of reliable suppliers and local business support services, as well as relatively low costs of energy and raw materials. Reliable energy supply and solid transport connectivity further enhance the country’s attractiveness to investors. Although certain investment incentives exist at the state and local levels, respondents believe that this area still offers significant potential for improving and strengthening B&H’s competitiveness. Additional advantages mentioned include the potential for developing new industries, enhancing competition in the retail sector, high-quality regulatory oversight, availability of key resources, and favorable regional connectivity.



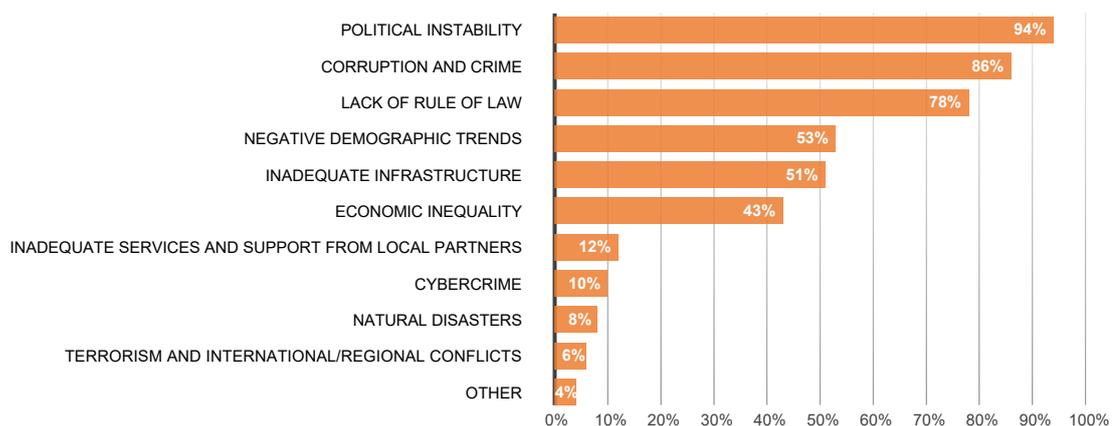
OBSTACLES FOR DOING BUSINESS IN B&H

According to the survey results, FIC members face a range of structural and operational obstacles that significantly hinder business activities in Bosnia and Herzegovina. The most prominent challenges include inefficiency in public administration, slow judicial processes and difficulties in enforcing court decisions, as well as a complex and slow process of obtaining necessary permits and licenses to operate. These factors directly affect the speed, stability, and predictability of business activities. Other major obstacles include the informal economy and unfair competition, which undermine a level playing field, while the unpredictability of tax and fiscal policies is highlighted as an additional barrier that complicates long-term planning. Survey participants also pointed out inconsistent enforcement by inspection authorities, difficulties in collecting receivables, inadequate labor legislation, limited access to financing, and a lack of quality business infrastructure. Furthermore, the slow alignment of domestic regulations with European Union standards is particularly emphasized, adding complexity to the business environment and slowing the development of companies operating in B&H.



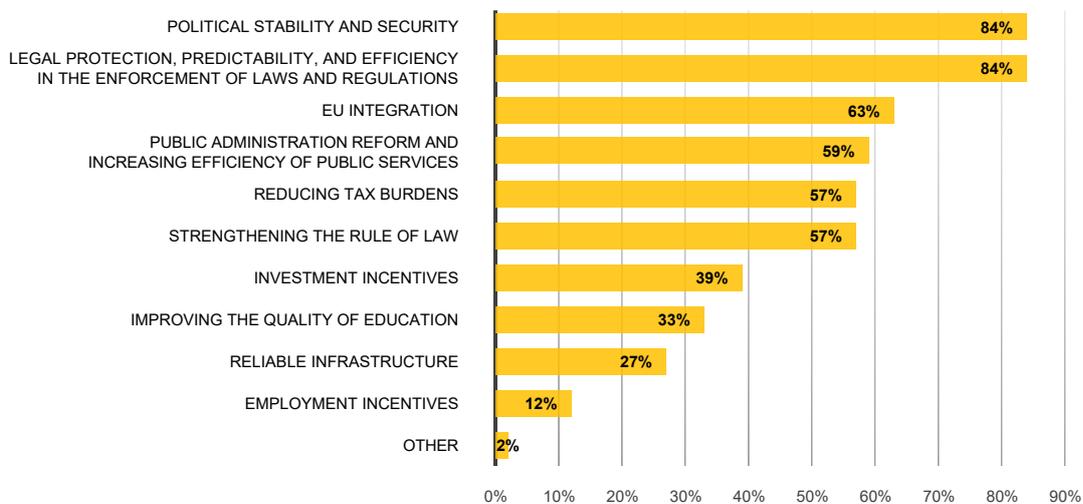
BUSINESS CLIMATE-RELATED RISKS

According to FIC members, several key risks could strongly impact the successful operation of companies in Bosnia and Herzegovina in the coming period. The most significant among these are political instability, high levels of corruption and crime, and a lack of consistent rule of law - factors that directly affect investment security and the predictability of the business environment. Closely following these, with a substantial share of responses, are negative demographic trends, inadequate infrastructure (including utilities, transport, telecommunications, and digital), pronounced economic inequality, as well as underdeveloped services and support from local partners. These elements represent long-term challenges that influence business sustainability and growth. Risks with a smaller potential impact on business success include cybercrime, natural disasters, and threats such as terrorism or international and regional conflicts. Additionally, FIC members highlight other challenges, including the continuous decline in the quality of education for younger generations and low purchasing power of the population, which together may limit the availability of qualified labor and market demand over the long term.



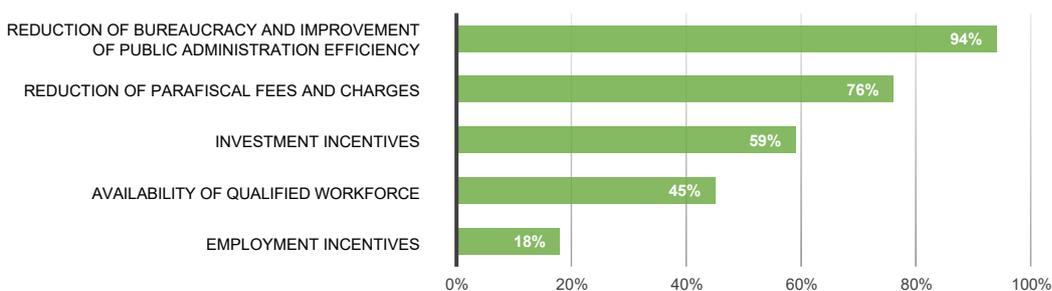
KEY PRIORITIES FOR STATE AND ENTITY AUTHORITIES TO IMPROVE THE BUSINESS ENVIRONMENT

FIC member companies have clearly defined the key priorities that institutions at the state and entity levels should set in order to enhance the business environment and stimulate long-term economic development in Bosnia and Herzegovina. At the top of the list are the establishment of political stability and security, as well as the strengthening of investor legal protection through consistent and effective enforcement of laws and regulations that directly or indirectly affect investments. These two elements are ranked by members as equally the most important. The second priority is Bosnia and Herzegovina’s process of accession to the European Union, recognized as a crucial step toward creating a more predictable, organized, and competitive investment environment. The third priority involves comprehensive public administration reform and increasing the efficiency of public services, which, according to members, would significantly reduce administrative barriers and accelerate business processes.



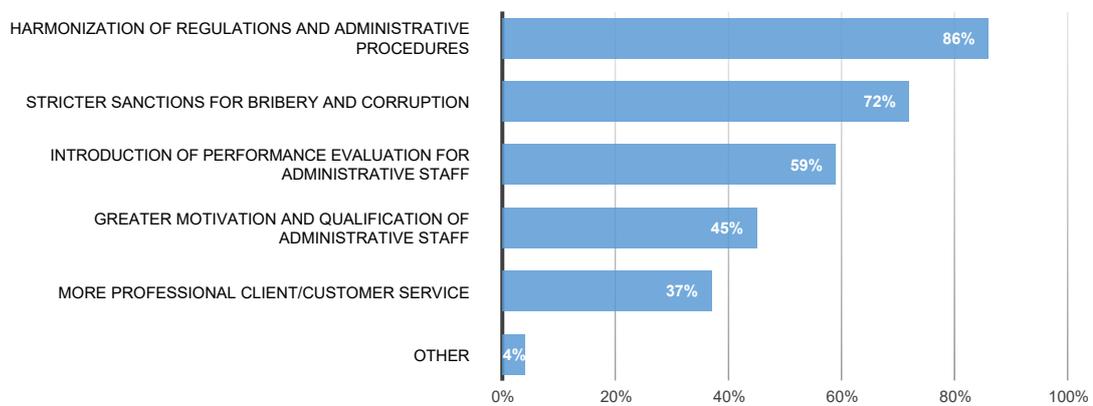
KEY PRIORITIES FOR LOCAL AUTHORITIES TO INCREASE INVESTMENTS AND EMPLOYMENT

According to the survey results, an overwhelming majority of companies (94%) believe that at the local level, including municipal and cantonal institutions, it is essential to reduce bureaucracy and improve the efficiency of public administration. Furthermore, 76% of investors recommend that cantons and municipalities reduce parafiscal charges, while 59% believe that local authorities should introduce additional incentives to attract new investments. For 45% of surveyed companies, one of the more important priorities is ensuring greater availability of qualified labor at the local level. At the same time, 18% of investors highlight the need to introduce local incentives for hiring new workers, emphasizing that such measures would further strengthen the attractiveness of local communities for future investments.



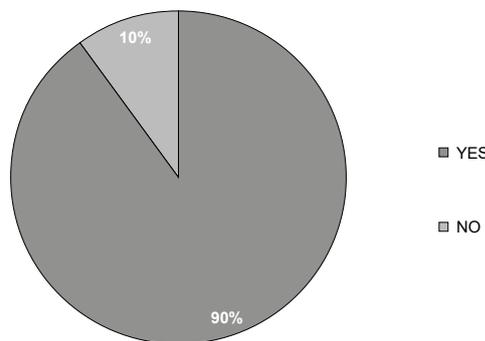
FACTORS THAT WOULD IMPROVE THE EFFICIENCY OF PUBLIC ADMINISTRATION

According to the views of FIC member companies, improving the efficiency of public administration requires action across several key areas. The most important factor is better alignment of regulations and harmonization of administrative procedures, supported by as many as 86% of surveyed companies. This is followed by the need for stricter sanctions against bribery and corruption within the public sector, cited by 72% of companies. The third priority, according to 59% of respondents, is the introduction of a clear and consistent performance evaluation system for administrative staff. A fourth significant factor is increasing the motivation and professional competence of employees in public administration, highlighted by 45% of FIC members. As a fifth element, 37% of respondents emphasize the importance of a more professional and higher-quality approach to clients. In addition to the above, companies particularly stress that genuine improvement of public administration requires comprehensive digitalization of administrative processes, aligned with the best European and global practices, as well as rationalization of the size of the public administration to ensure faster, simpler, and more transparent services for citizens and the business sector.



RECOMMENDATIONS FOR FOREIGN COMPANIES TO INVEST IN B&H

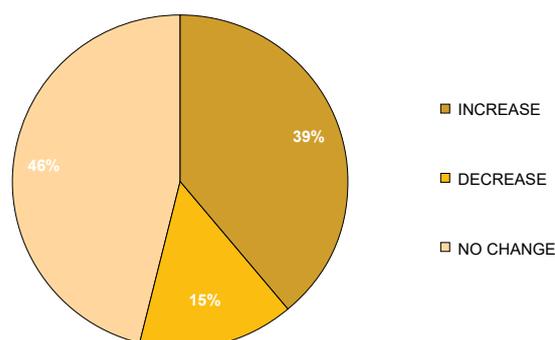
Although the research highlighted numerous obstacles affecting the business environment in Bosnia and Herzegovina, most FIC member companies still recognize the significant potential of the country as an investment destination. As many as 90% of surveyed companies stated that they would recommend Bosnia and Herzegovina as an attractive place for foreign investors to invest, while the remaining 10% believe that the conditions for such a recommendation are currently not met.



E – EMPLOYMENT & EDUCATION

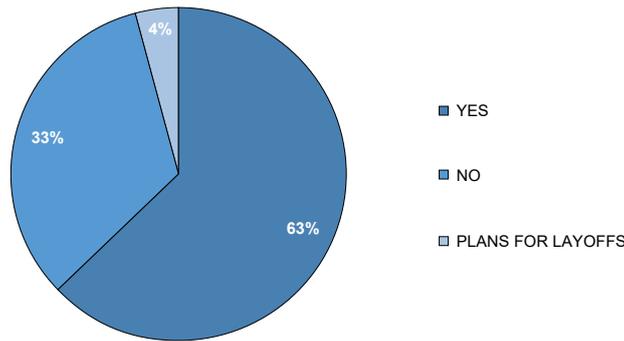
NET EMPLOYEES IN THE LAST CALENDAR YEAR (2025)

Survey results show that in 2025, 39% of companies increased their number of employees. These companies collectively hired a total of 502 new workers, confirming positive trends in growth and expansion of their business activities. On the other hand, 15% of surveyed companies reported a decrease in the number of employees, with a total reduction of 289 workers compared to the previous year. For the remaining 46% of companies, the number of employees remained stable, without significant changes.



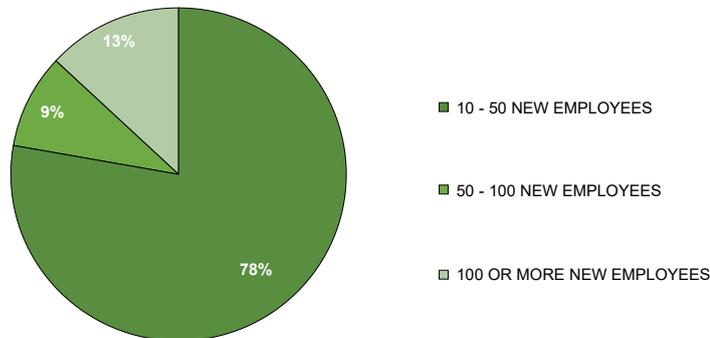
PLANS FOR ADDITIONAL RECRUITMENTS IN THE NEXT THREE YEARS

When it comes to employment plans for the next three-year period, most surveyed companies express moderate optimism. As many as 63% of respondents plan to hire additional staff, recognizing the need to strengthen their capacities and respond to future market challenges. In contrast, 33% of companies do not anticipate an increase in the number of employees, while only 4% expect a reduction in their workforce in the coming period. The reasons companies cite for not planning new hires or for potential downsizing are partly rooted in current business conditions, but also in structural changes shaping the labor market. Many respondents point out that their current number of employees is sufficient for existing capacities, and that investments in new technologies and digitalization reduce the need for additional labor. Other reasons include a stable workload, an unfavorable economic climate, reduced budgets, regulatory constraints, and political uncertainty. Some companies also emphasize that automation and improved efficiency influence hiring decisions. Ultimately, the companies' responses clearly show that employment plans in the coming years are shaped by a combination of market expectations, technological developments, regulatory limitations, and macroeconomic conditions that affect business decisions of enterprises in Bosnia and Herzegovina.



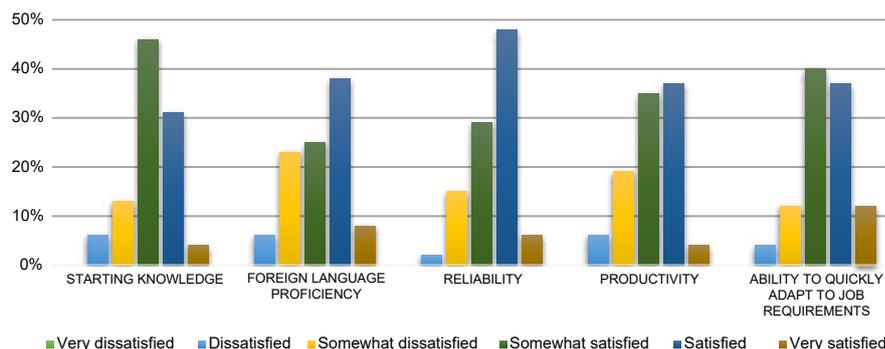
PLANNED NUMBER OF NET NEW HIRES IN THE NEXT THREE YEARS

Among companies planning to hire new employees in the upcoming three-year period, the majority (78%) intend to recruit between 10 and 50 new staff members. Thirteen percent plan a more significant team expansion, hiring over 100 new employees, while 9% of companies anticipate hiring between 50 and 100 new workers.



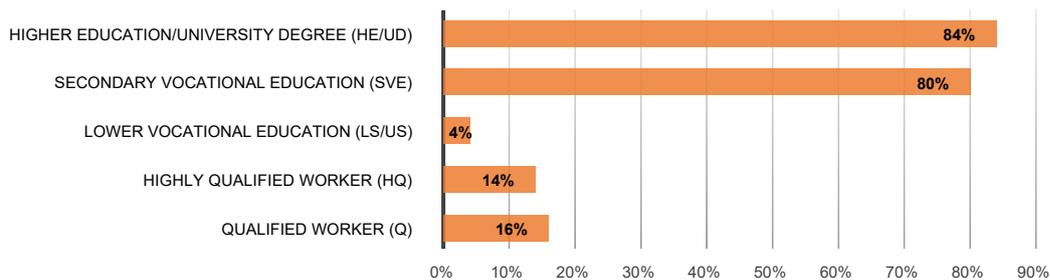
EXPERTISE AND RELIABILITY OF HUMAN RESOURCES IN B&H

According to FIC member companies, human resources in Bosnia and Herzegovina are characterized by a high level of reliability and solid foreign language skills, which are highlighted as their most significant strengths. These qualities contribute to the stability of business processes and facilitate communication within international teams, which is particularly important for companies operating in global markets. To some extent, companies are also satisfied with employees' initial professional knowledge and their ability to adapt to new tasks and technologies. However, in most cases, this knowledge requires additional investment in training and continuous professional development. The greatest concern expressed by members relates to workforce productivity, which was rated as the weakest segment. This challenge is often associated with an under-modernized education system, limited access to specialized training, and slower technological transformation in certain sectors. Therefore, improving productivity emerges as a key priority for strengthening competitiveness and the long-term economic development of the country.



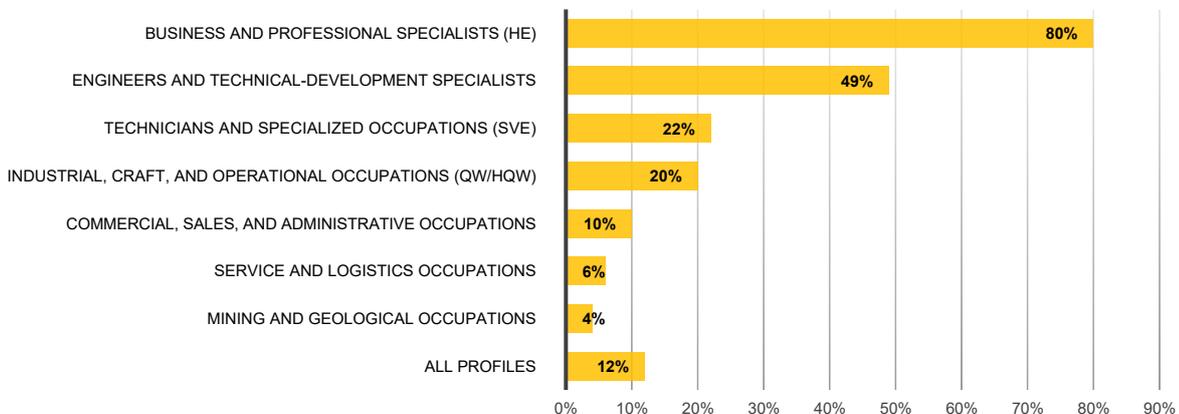
PROFILE OF WORKERS IN DEMAND

The analysis of the survey results clearly shows that FIC member companies will primarily seek highly educated professionals in the upcoming period - 84% of companies indicate a need for this profile. Following closely are workers with secondary vocational education, which 80% of surveyed companies plan to hire, confirming a stable demand for technical and operational staff. Regarding specialized technical occupations, 14% of companies plan to employ highly qualified (HQ) workers, while 16% report a need for qualified (Q) workers, mainly in sectors requiring specific practical skills. The lowest demand is for low-skilled profiles (LS and US), which are sought by only 4% of members. These findings indicate an increasing investor focus on workforce structures with higher levels of education and professional competencies, reflecting broader market trends in modern business.



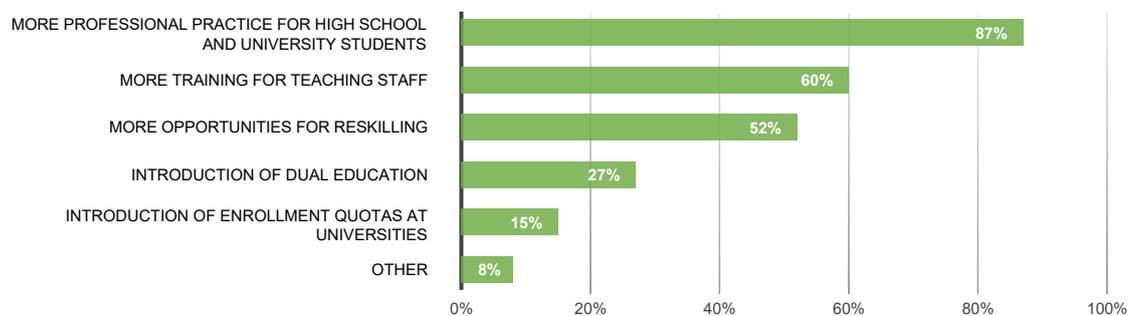
REQUIRED OCCUPATIONS/SKILLS

According to the survey results, FIC member companies express the greatest need for highly educated professional specialists, who occupy the top position on the list of in-demand profiles (80%). Among them, economists - particularly financial experts, analysts, accountants, auditors, as well as business development, risk management, key account, and category managers—stand out. Highly ranked are also lawyers, psychologists, and masters of pharmacy and chemistry, reflecting the growing demand for multidisciplinary knowledge. In second place are engineering occupations, sought by 49% of companies. The highest demand is for electrical, mechanical, telecommunications, geology, IT, civil engineering, and technology engineers. Third on the list are technicians and specialized profile experts (22%), including electrical technicians, mechatronics specialists, technicians of various fields, technologists, and pharmaceutical-chemical technicians. Industrial, craft, and operational occupations are in fourth place (20%), with the greatest demand for locksmiths, assemblers, service technicians, welders, machine and crane operators, and factory technical workers. Commercial, sales, and administrative occupations rank fifth with 10%, with the most sought-after positions being sales advisors, traders, and administrative clerks, highlighting the importance of quality sales and administrative support in modern business.



RECOMMENDATIONS FOR IMPROVING THE EDUCATION SYSTEM IN B&H

In response to the question about recommendations for policymakers aimed at aligning the education system in Bosnia and Herzegovina with labor market needs, FIC member companies highlighted several key priorities. The three most important recommendations are: introducing more extensive practical training for high school and university students (87%), continuous education and professional development of teaching staff (60%), and creating more opportunities for reskilling the workforce (52%), considering the large number of people with surplus occupations registered with employment agencies. The introduction of dual education was supported by 27% of FIC members, while 15% advocated defining enrollment quotas at higher education institutions in line with actual labor market needs. In addition to quantitative data, surveyed companies emphasized the importance of several systemic changes. These include encouraging young people to think critically and apply theoretical knowledge in practical settings, ensuring an education system that follows international trends, innovations, and best practices, and improving the quality of curricula to provide concrete, applicable, and functional knowledge. Members particularly noted the growing lack of practically usable knowledge among young people, further confirming the need for reform of educational content. An important recommendation also highlighted is the development of a long-term strategy for workforce planning, which would enable timely alignment of educational policies with the needs of the economy.



OBSTACLES TO CREATING NEW JOBS

According to the opinions of the members of the Foreign Investors Council, the three biggest obstacles to creating new jobs in Bosnia and Herzegovina are primarily related to high labor taxation - 90% of companies consider taxes and contributions to be the key barrier to employment. In second place is inadequate labor legislation (65%), which does not follow European trends in labor mobility nor provides the necessary flexibility in the labor market. The same percentage of companies (65%) also points to the lack of qualified workers as a significant obstacle, further complicating the recruitment of suitable staff. Work ethic is considered a less important factor, with 29% of companies identifying it as a challenge, while work permits for foreigners (15%) represent a relatively smaller barrier to employment. Additional challenges in the process of creating new jobs cited by FIC members include the lack of a stable political and economic environment for business development and attracting foreign investment, insufficient market demand, lack of new investments, as well as certain regulatory shortcomings that slow down business processes in specific sectors.

