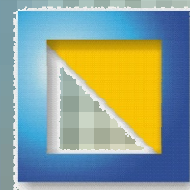




# **BOSNIA AND HERZEGOVINA INVESTMENT OPPORTUNITIES**



**FIPA**

FOREIGN INVESTMENT PROMOTION AGENCY  
OF BOSNIA AND HERZEGOVINA



# FIPA

FOREIGN INVESTMENT PROMOTION AGENCY  
OF BOSNIA AND HERZEGOVINA

## WHO is FIPA

(Foreign Investment Promotion Agency of B& H)

***FIPA is Government agency, with mission to promote B&H as an excellent destination for investment; create positive investment climate; identify and implement investment projects ....***

**FIPA grants free of charge following professional services:**

- Provides investors with details on economic / legal environment**
- Assists investors in identifying investment opportunities**
- Advocates investors' interests / connect with government bodies**
- Advises investor on administrative procedures, obtaining license**
- Matchmaking with appropriate local partners**
- Organizes site visits to potential partners and destinations**
- Supports / facilitates investment projects / provides aftercare**

## Bosnia and Herzegovina in the heart of South-East Europe

Located in the West Balkans

Territory: 51,209 sq.km

Territorial units:  
two entities – Federation of BiH  
                          Republic of Srpska  
one district – Brčko District BiH

Climate: continental, sub-continental,  
          mediterranean

Population: 3.4 million





# FIPA

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OF BOSNIA AND HERZEGOVINA

## WHY INVEST IN BOSNIA AND HERZEGOVINA

- ❑ **Excellent geographical location and accessibility**
- ❑ **Favorable FDI treatment and investment legal environment**
- ❑ **Stable macroeconomic environment, continuous economic growth**
- ❑ **Efficient, motivated, foreign language spoken, innovative workforce**
- ❑ **Reasonable operating costs - significantly lower than in EU**
- ❑ **Abundant natural potentials and investment opportunities**
- ❑ **Amazing natural beauties, exceptional quality of life enabling Investors to enjoy both business and life**



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## **EXCELLENT GEOGRAPHICAL LOCATION AND ACCESSIBILITY**

**Ideal destination for export oriented FDI - Gateway for emerging at SEE Region + Turkey, EU and Oversea countries due to:**

- Location at midst of SEE Region, at crossroads between Mediterranean, Central and Western Europe, Asia and North Africa**
- CEFTA - Free Trade agreements with SEE countries + Turkey**
- Agreements on preferential status with EU, USA, Canada, Japan, New Zealand, Australia, Switzerland, Norway, etc.**
- Good accessibility:**
  - o 4 international airports, 2 river ports, and 1 sea port**
  - o Spread railway and road network**
  - o Distribution network brings most of Europe within 24 - 48 h by truck**



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## FAVORABLE FDI TREATMENT - INVESTMENT LEGAL ENVIRONMENT

- National treatment of foreign investors**
- Protection against nationalization, expropriation, etc.**
- Free employment of foreign nationals**
- Unlimited repatriation of profits**
- Exemption from payment of custom duties for FDI**
- 10% Corporate Profit Tax (Exempted investment over €10 mill)**
- Foreign Investors Support Fund**



## MACROECONOMIC STABILITY- CONTINUOUS ECONOMIC GROWTH

- ❑ Among Europe's fastest growing economies, with positive trends
- ❑ Consistent monetary policy – Lowest inflation in SEE
- ❑ Stable currency exchange rate - Currency board (1KM = 0.51 €)
- ❑ Large inflow of foreign banks – foreign ownership in B & H is 86%
- ❑ Consistent and continuous FDI inflow

Indicators	2003	2004	2005	2006	2007	2008
Nominal GDP (billion €)	7.4	8.1	8.7	9.8	11.1	12.5*
Real GDP growth (%)	3.0	6.3	3.9	6.7	6.8	7.1*
Industrial production growth %	4.8	9.0	10.0	11.0	10.0	9.2*
Annual inflation (%)	0.6	0.4	3.7	6.1	1.5	6.5*
Currency reserves (mill €)	1,428	1,779	2,160	2,787	3,425	3,219
Total FDI (mill EUR)	338	567	478	564	1,628	701*
Households banks deposits, mill €	985	1,273	1,629	2,097	2,641	2,662



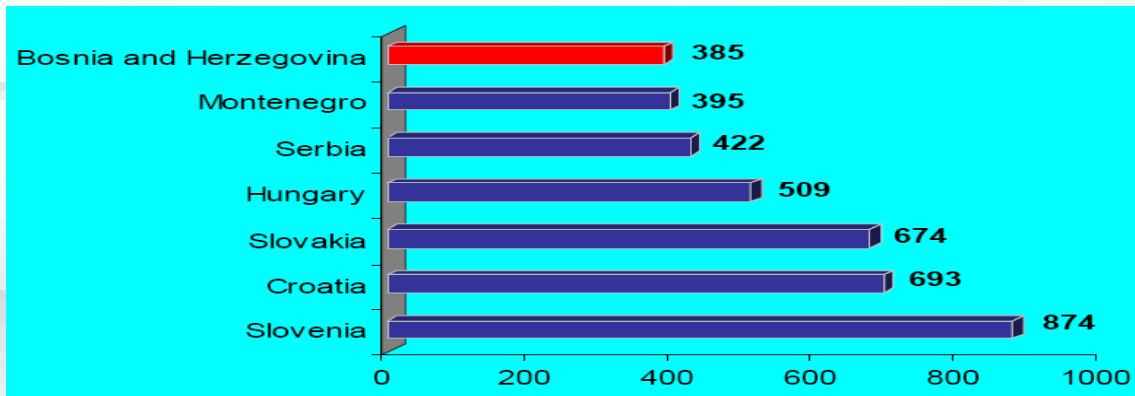
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## EFFICIENT, MOTIVATED, INNOVATIVE WORKFORCE

**Availability of all categories of qualified, adaptable, innovative, foreign language spoken, motivated young workforce, based on:**

- Favorable demographics and consistent investment in education**
- 8 B & H University centers (University Sarajevo - 50,000 students)**
- 9 private international colleges (linked to Universities of Buckingham, New York, Delaware, ICM, etc.)**
- Young people educated abroad at reputable universities**
- Brain drainage phenomenon – Huge opportunity for investors**
- Competitive workforce prices (20% of W. Europe and USA wages)**
- 





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## OPERATING COSTS - SIGNIFICANTLY LOWER THAN IN EU

- Telecommunication (ISDN, ADSL, broadband) connection cost: € 40**
- Transport costs: 0.05 € / ton/km. (Discounts up to 25%)**
- Electrical energy cost: € 4.75 per 100 kWh for industrial uses**
- Water costs: 0.25 € / m<sup>3</sup> to 1 € / m<sup>3</sup>**
- Heating costs: 0.5 € / m<sup>2</sup> to 2 € / m<sup>2</sup>**
- Renting production building: 2 € / m<sup>2</sup> – 10 € / m<sup>2</sup>**
- Buying production building: 20 € / m<sup>2</sup> – 1000 € / m<sup>2</sup>**
- Renting office space: 4 € / m<sup>2</sup> – 50 € / m<sup>2</sup>**
- Buying price of office space 400 € / m<sup>2</sup> – 3500 € / m<sup>2</sup>**
- Buying price of the land is 3 € / m<sup>2</sup> – 100 € / m<sup>2</sup>**
- Construction cost / Industrial facility - Turn Key: 200 - 550 € / m<sup>2</sup>**



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## NATURAL POTENTIALS AND INVESTMENT OPPORTUNITIES

Most attractive B & H economic sectors are:

- Energy
- ICT
- Infrastructure
- Metal Processing
- Auto-components Industry
- Agriculture and Food Processing
- Construction
- Tourism*
- Wood – Processing*
- Business & Industrial Property*



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# TOURISM SECTOR





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## TOURISM SECTOR OVERVIEW

- B & H has favorable natural basis and geo-economic position for sustainable development of tourism industry**
- Tourism market in B & H is gradually increasing (annually 10 %)**
- Principal resources are mountain ranges, rivers, lakes, natural reserves and cultural heritage**
- Destination that match new market travel trends offers:**
  - o **Divers, pristine, unspoiled nature, rich historical / cultural heritage**
  - o **Different experiences, away from crowd (lovers of skiing, rafting, hunting, bird-watching....)**
- Huge natural potentials are only partly exploited due to:**
  - o **Shortage of tourism facilities**
  - o **Shortage in investment potential**
- B&H Tourism sector study / Location Master / Business plans**
- Investor ready projects available**



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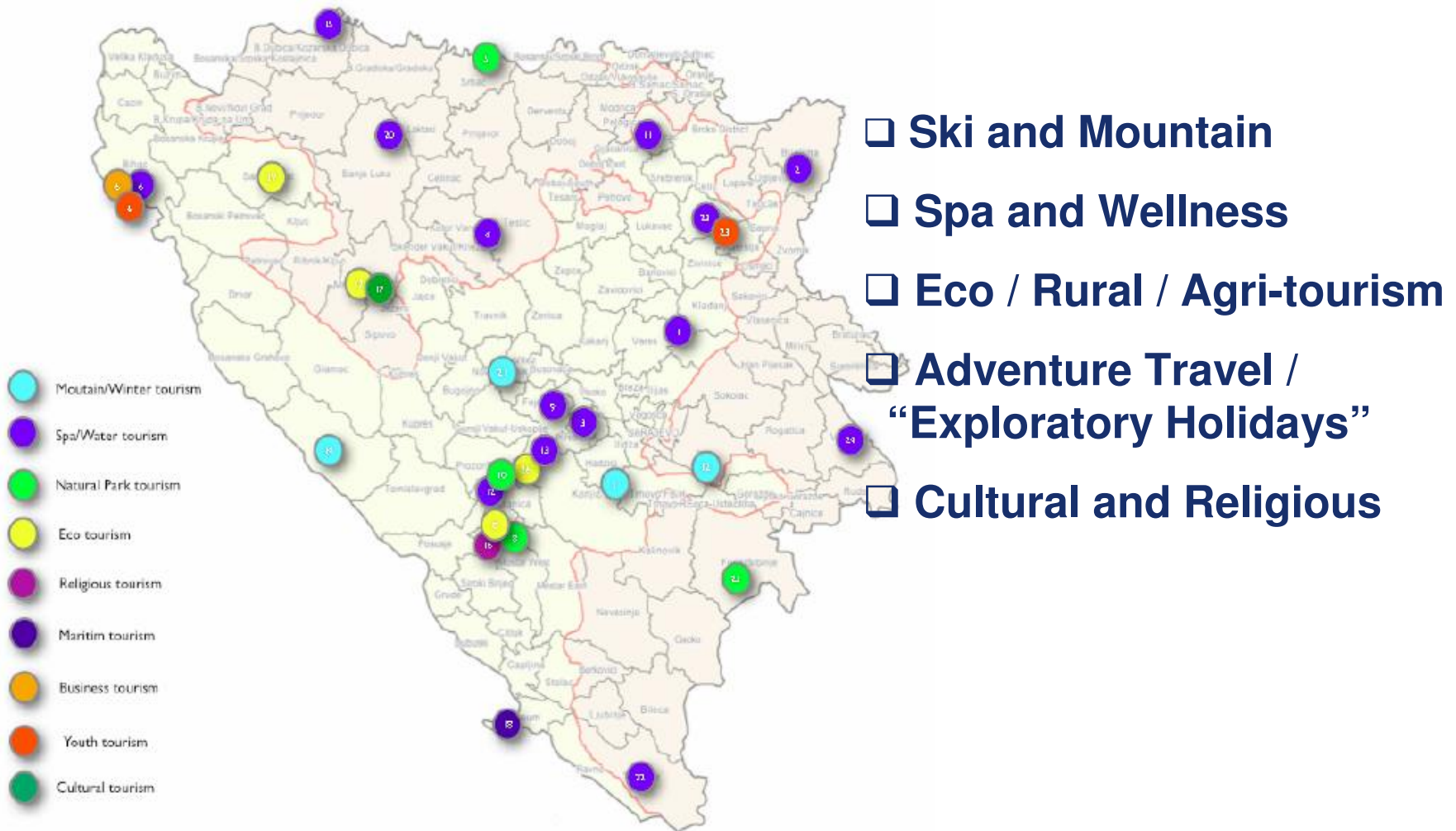


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## MOST PROSPECTIVE TOURISM SEGMENTS / LOCATIONS

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## SKI / MOUNTAIN SEGMENT





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## INVESTMENT PROGRAMS AND STATUS

**Accomplished long term development programs, including:**

- Spatial / Urbanization Plans**
- Master and Business Plans**
- Numerous short term / individual investor ready projects**

**(Consultants: BCEOM, Orgalis, Hypo Alpe-Adria, etc.)**

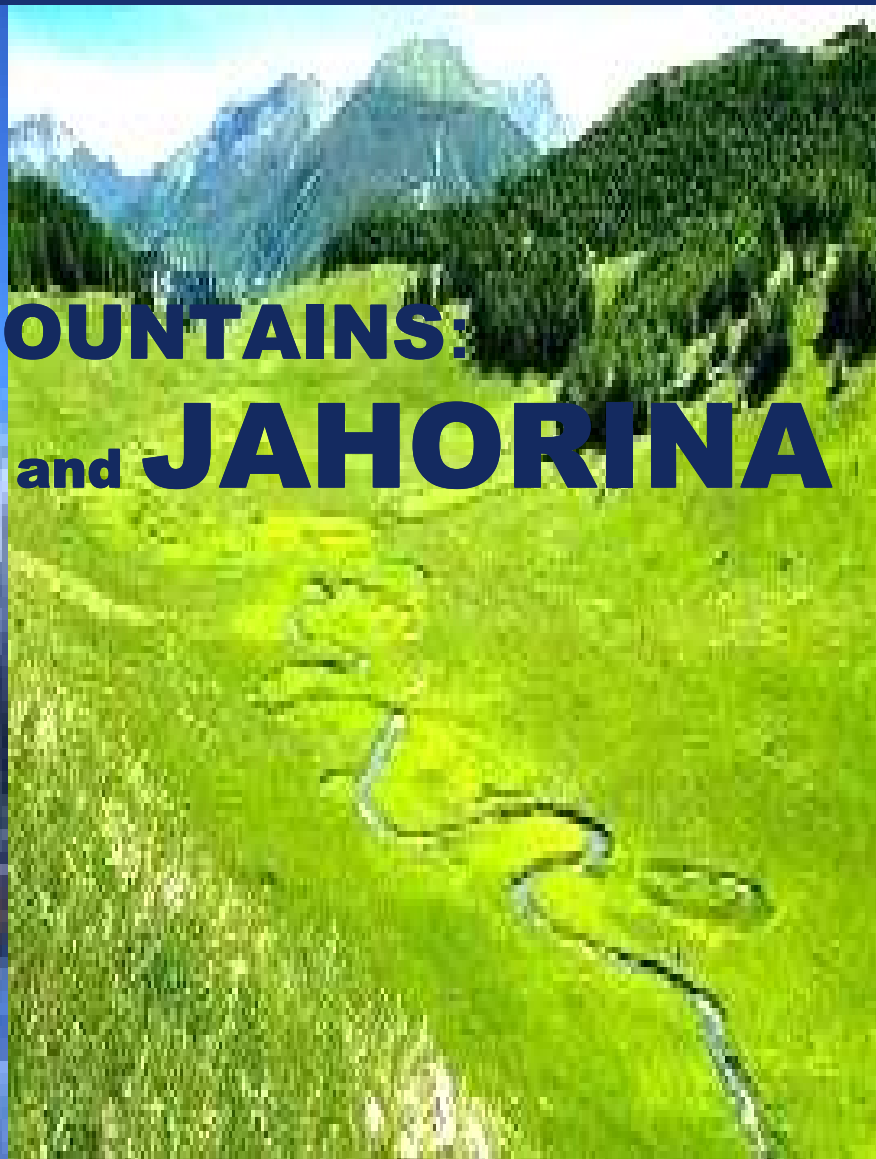


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## OLYMPIC MOUNTAINS: BJELASNICA and JAHORINA





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<b>BJELASNICA &amp; IGMAN INVESTMENT ASSUMPTIONS (€)</b>	
<b>Real estate, Accommodation &amp; Gastro, Infrastructure</b>	<b>119.031.505</b>
<b>Recreational &amp; Skiing facilities</b>	<b>88.000.408</b>
<b>TOTAL</b>	<b>207.031.914</b>
<b>JAHORINA INVESTMENT ASSUMPTIONS (€)</b>	
<b>Real estate, Accommodation &amp; Gastro, Infrastructure</b>	<b>267.265.000</b>
<b>Recreational &amp; Skiing facilities</b>	<b>101.617.743</b>
<b>TOTAL</b>	<b>368.882.743</b>





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**RESORTS:**  
**BLIDINJE, VLASIC, KUPRES**



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## BLIDINJE INVESTMENT ASSUMPTIONS (€)

<b>Real estate, Accommodation &amp; Gastro, Infrastructure</b>	<b>15.800.000</b>
<b>Recreational &amp; Skiing facilities</b>	<b>15.150.000</b>
<b>TOTAL</b>	<b>30.950.000</b>

## VLASIC INVESTMENT ASSUMPTIONS (€)

<b>Real estate, Accommodation &amp; Gastro, Infrastructure</b>	<b>24.500.000</b>
<b>Recreational &amp; Skiing facilities</b>	<b>25.500.000</b>
<b>TOTAL</b>	<b>50.500.000</b>

## KUPRES INVESTMENT ASSUMPTIONS (€)

<b>Real estate, Accommodation &amp; Gastro, Infrastructure</b>	<b>7.500.000</b>
<b>Recreational &amp; Skiing facilities</b>	<b>27.405.000</b>
<b>TOTAL</b>	<b>34,950.000</b>



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# **WATER & ECO & RURAL SEGMENT**





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## WETLAND HUTOVO BLATO

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### WETLAND HUTOVO BLATO – Investment (€)

<b>Construction of hotel complex with associated facilities (restaurant, wellness center, swimming pool, etc.)</b>	<b>3.000.000</b>
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## WETLAND BARDACA



**JOINT SITE DEVELOPMENT– Based on Feasibility Study**

**Construction of eco willage with associated facilities (restaurant, gastro, sport and recreation facilities , etc.)**



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## BORACKO LAKE





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## **ECO VILLAGE - Boracko Lake**

**Investment (€)**

**Construction of pile dwelling style Bungalows with associated facilities (restaurant, gastro, sport and recreation facilities , etc.)**

**3.000.000**



## **RECREATION CENTRE - Boracko Lake – Investment (€)**

**Construction of Hotel, Bungalows, Sport and recreational facilities, etc.)**

**3.000.000**



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## RIVER UNA NATIONAL PARK

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## **RAFTING CENTRE & ETHNO VILLAGE - Investment (€)**

**Construction of accommodation and associated facilities (restaurant, gastro, sauna, fitness centre, sport and recreation facilities, etc.)**

**3.000.000**

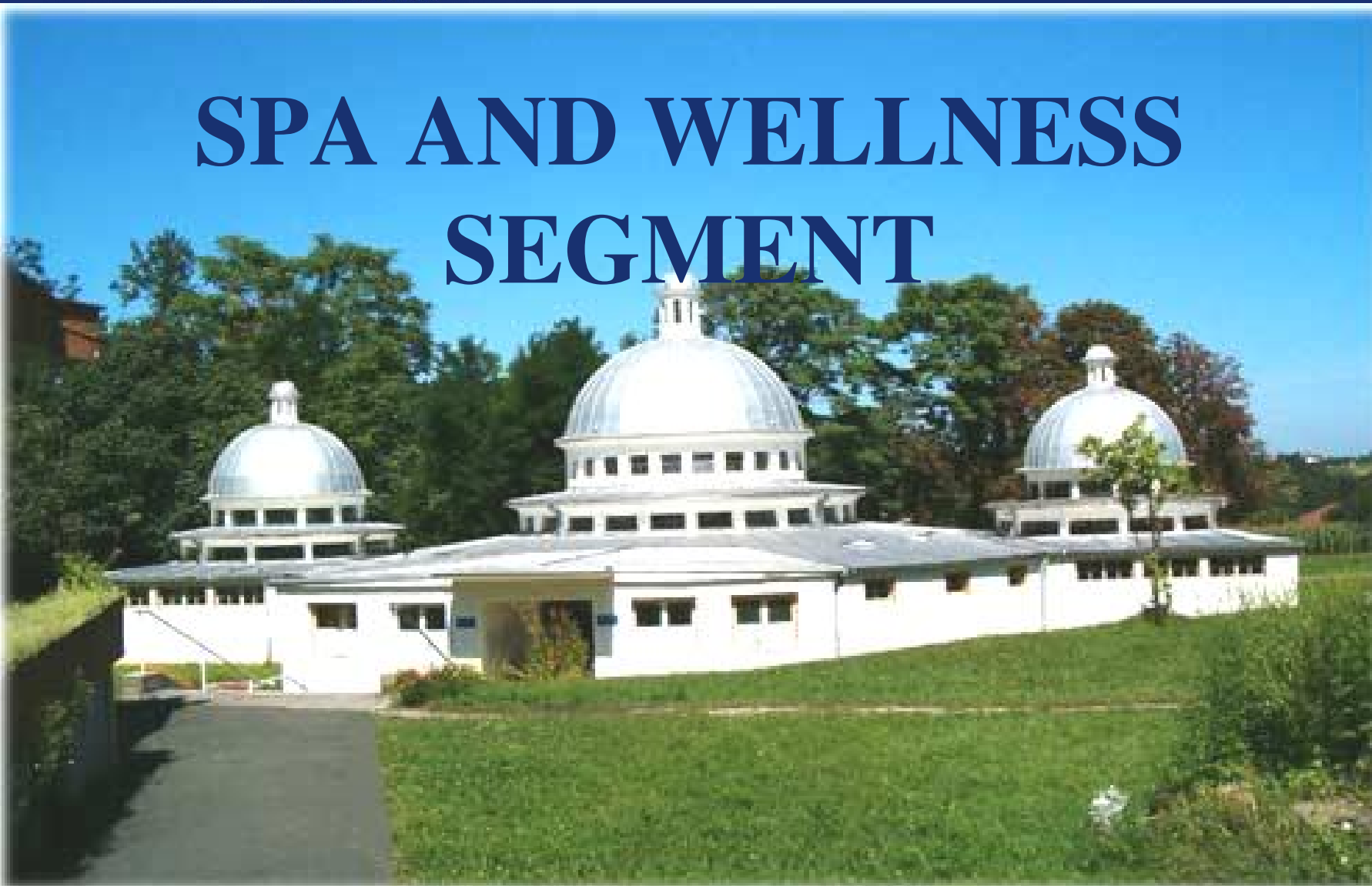


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# SPA AND WELLNESS SEGMENT

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## SPA & WELLNESS TOURISM POTENTIALS

**B&H is well-known as desirable health-recreational destination:**

- Numerous natural mineral / thermo-mineral springs
- Medicinal mud and natural gas
- Beautiful unpolluted environment and clean air
- High quality service at competitive prices

Already established spas (Fojnica, Visegrad, Teslic Olovo, Bihac Mljecanica, Gradacac, Sanski Most, Laktasi, Srebrenica, Kiseljak, Trebinje, Banja Luka,, Bjeljina, Prnjavor, Tuzla, Sarajevo, etc.)

B & H spa resorts require partners and investments for:

- Readjustment and upgrading of their business
- Modernization of existing facilities
- Increase of services / tourism products
- Implementation of new management and marketing strategy



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## **SPA FOJNICA**

**Investment (€)**

**Modernization and upgrading of existing facilities & Increase of services / tourism products etc.)**

**12.000.000**



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## **SPA VRUCICA**

**Investment (€)**

**Modernization and upgrading of existing facilities & Increase of services / tourism products etc.)**

**22.000.000**



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## **SPA KISELJAK**

**Investment (€)**

**Modernization and upgrading of existing facilities & Increase of services / tourism products etc.)**

**6.000.000**



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## SPA SLATINA

Investment (€)

**Modernization and upgrading of existing facilities & Increase of services / tourism products etc.)**

**6.000.000**



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# ***WOOD – PROCESSING SECTOR***





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## WHY WOOD SECTOR

- Reliable, high quality resource base – abundance of hard and softwood (Oak, Ash, Pine, Fir, Beech)**
- Long tradition**
- Skilled & Experienced & Competitive cost labor force**
- Acceptable infrastructure, energy & transport costs**
- Over 60% of B & H wood sector production is exported**
- Large gap between current performances and real potentials**



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## FORESTS - RELIABLE RESOURCE BASE

- ❑ Forests cover 53% of B & H - Broadleaves (hardwood) 60%
- ❑ Various high quality raw material (beech, oak, ash, pine, fir, walnut, apple, cherry. etc.)
- ❑ Sustainable potential (volume, species, quality) 7 mill m<sup>3</sup>/a
- ❑ Brand „Bosnian beech” famous worldwide, for high quality

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<b>Forest cover in B &amp; H (1000 ha)</b>		
State owned	Private owned	Total forest land
2,194	544	2,739
<b>Annual Allowable Cut (AAC) in state-owned forests in B &amp; H</b>		
	Gross volume (1000 m <sup>3</sup> / a)	Net volume (1000 m <sup>3</sup> / a)
Broadleaves	5,101	4,504
Coniferous	2,849	2,384
Total	7,950	6,888



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## **MOST PROMISING OPTIONS IN WOOD SECTOR**

**Wood Industry Study (based on forest resources / market analysis) identified following investment potentials:**

- Wood - based panels (MDF & Particleboard)**
- Veneer / hardwood plywood**
- EGP**
- Parquet**
- Furniture (preferably solid wood)**
- Joinery**
- Biomass (briquete, pellets, heat generation), etc.**



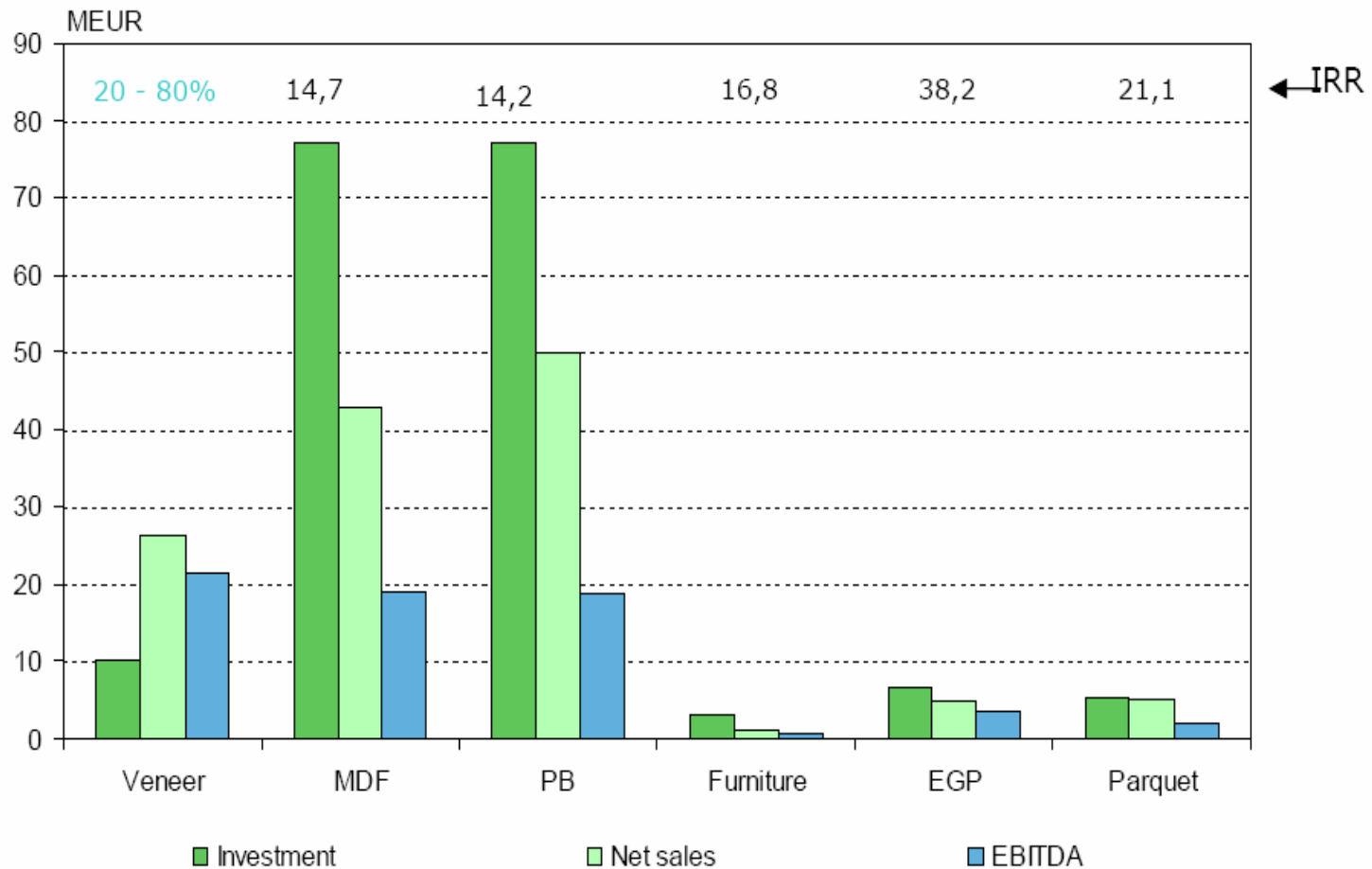
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## PROFITABILITY

Key financial indicators for profitable investment opportunities





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## GREENFIELD PROJECTS ESTIMATED COSTS

<b>Project</b>	<b>Capacity</b>	<b>Prices €</b>
<b>MDF- Medium Density Fiberboard Mill</b>	<b>220 000 m<sup>3</sup> / a</b>	<b>77 mill.</b>
<b>Particleboard Mill</b>	<b>450 000 m<sup>3</sup> / a</b>	<b>77 mill.</b>
<b>Veneer Mill</b>	<b>10 000 m<sup>3</sup> / a</b>	<b>10 mill.</b>
<b>EGP - Edge Glued Panels Mill</b>	<b>5 500 m<sup>3</sup> / a</b>	<b>6.5 mill.</b>
<b>Parquet (Solid) Mill</b>	<b>175.000 m<sup>2</sup>/a</b>	<b>5.3 mill.</b>
<b>Solid Wood Chairs Mill</b>	<b>14.700 chairs /a</b>	<b>3.1 mill.</b>
<b>Biomass CHP plant</b>	<b>2MW el.+5MW heat</b>	<b>10.5 mill.</b>
<b>Pellets</b>	<b>10000 – 60000 t/a</b>	<b>2- 5 mill.</b>
<b>Briquettes</b>	<b>5 – 6000 t/a</b>	<b>0.5 – 1 mill.</b>
<b>Heat generation</b>	<b>2 – 100 t steam/h</b>	<b>0.5 – 30 mill</b>



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# ***BUSINESS & INDUSTRIAL PROPERTY SECTOR***

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## B & H PROPERTY SECTOR

### Main characteristics

- Huge potentials and opportunities – only partly valorized
- B & H property sector is rather young and scarcely developed
- A number of small and medium business / industrial and free trade zones (in operation or in process of creation)
- Shortage of adequately organized business locations and sites

### Potentials / Opportunities

**Brownfield sites- to be transformed and adapted for new purposes:**

- Former large, medium or small companies and facilities
- Former military facilities and properties

### Greenfield projects

**Availability of the industrial land (sites) - ready for development**

## **DEVELOPMENT OF BUSINESS / INDUSTRIAL SITES**

**Prepared studies on development of Greenfield and Brownfield Business / Industrial Zones & Parks at:**

- Central B & H Economical Region in 32 municipalities**
- Sarajevo Economic Region in 16 municipalities**
- Entity Republika Srpska over 20 locations**
- Number of private small / medium industrial properties**

**Great chance for property developers applying various arrangements such as:**

- Concessions**
- PPP arrangements**
- Various joint venture arrangements with local owners**
- Purchasing of property, etc.**



# Enjoy Life and Business in BOSNIA and HERZEGOVINA



FOREIGN INVESTMENT PROMOTION AGENCY  
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## **Sarajevo Office**

**Branilaca Sarajeva 21**

Phone: ++387 33 278 080

Fax: ++387 33 278 081

E-mail: [fipa@fipa.gov.ba](mailto:fipa@fipa.gov.ba)

## **Banja Luka Office**

Đure Daničića 1/III

Phone/ Fax: : ++387 51 226 180

E-mail: [banjaluka@fipa.gov.ba](mailto:banjaluka@fipa.gov.ba)

## **Mostar Office**

Rade Bitange 30

Phone /Fax: ++387 36 558 815

E-mail: [mostar@fipa.gov.ba](mailto:mostar@fipa.gov.ba)

**THANK YOU FOR YOUR ATTENTION**

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