



BOSNIA AND HERZEGOVINA

INVESTMENT OPPORTUNITIES



FOREIGN INVESTMENT PROMOTION AGENCY
OF BOSNIA AND HERZEGOVINA

A small country with huge potential

Possibility to export to about 600 mill. people market without customs duties

Competitively priced labour force



Strategic location

The fastest growth of GDP

The most stable currency in SEE

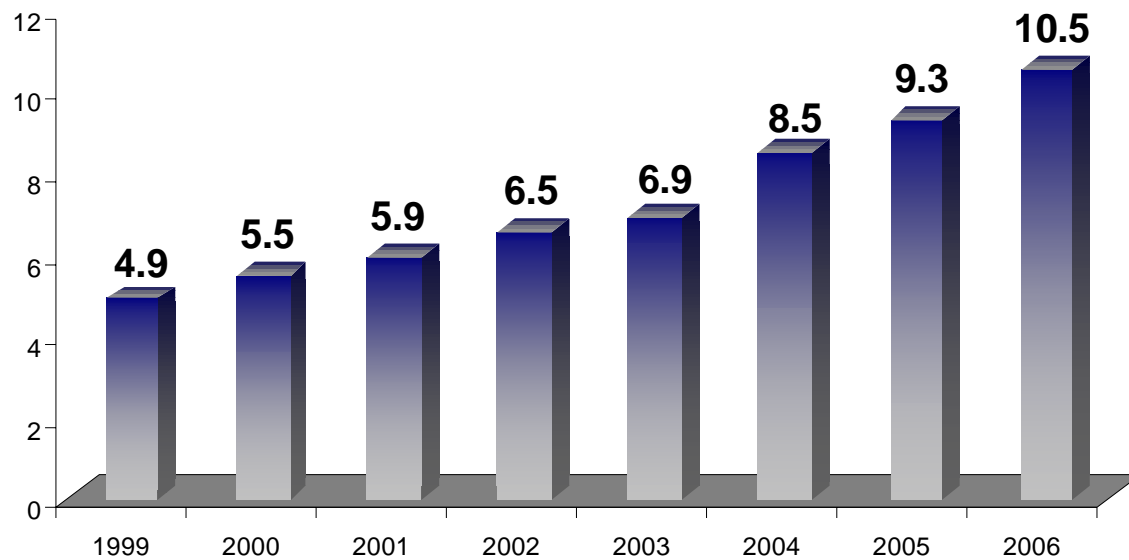
Indicators	1999	2000	2001	2002	2003	2004	2005	2006
Nominal GDP (billion EUR)	4.9	5.5	5.9	6.5	6.9	8.5	9.3	10.5
GDP per capita (EUR)	1,385	1,449	1,561	1,713	1,794	2,219	2,417	2,731
Real GDP growth rate (%)	10.0	5.5	4.5	5.5	3.0	6.0	6.7	7.1 *12.8
Industrial production growth rate (%)	1.6	8.8	12.2	9.2	4.8	9.0	10.0	11.0
Average net wages (EUR)	188	190	209	228	247	258	275	300
Annual inflation rate (%)	-0.9	4.8	3.1	0.4	0.6	0.4	2.1	6.1
Annual unemployment rate (%)	39.3	39.7	40.3	40.9	42.0	43.2	31.1	30.0
Currency reserves (mill EUR)	443	522	1,379	1,270	1,428	1,779	2,160	2,787
Trade balance (billion EUR)	-3.09	-3.00	-3.31	-3.52	-3.67	-3.68	-4.01	-3.41
Population, estimate (in million)	3.73	3.78	3.80	3.83	3.83	3.84	3.84	3.84
Total FDI (mill EUR)	166	159	133	282	338	534	421	556
FDI contribution to GDP (%)	3.4	2.9	2.3	4.3	4.9	6.2	4.5	5.2



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Nominal GDP, billion €

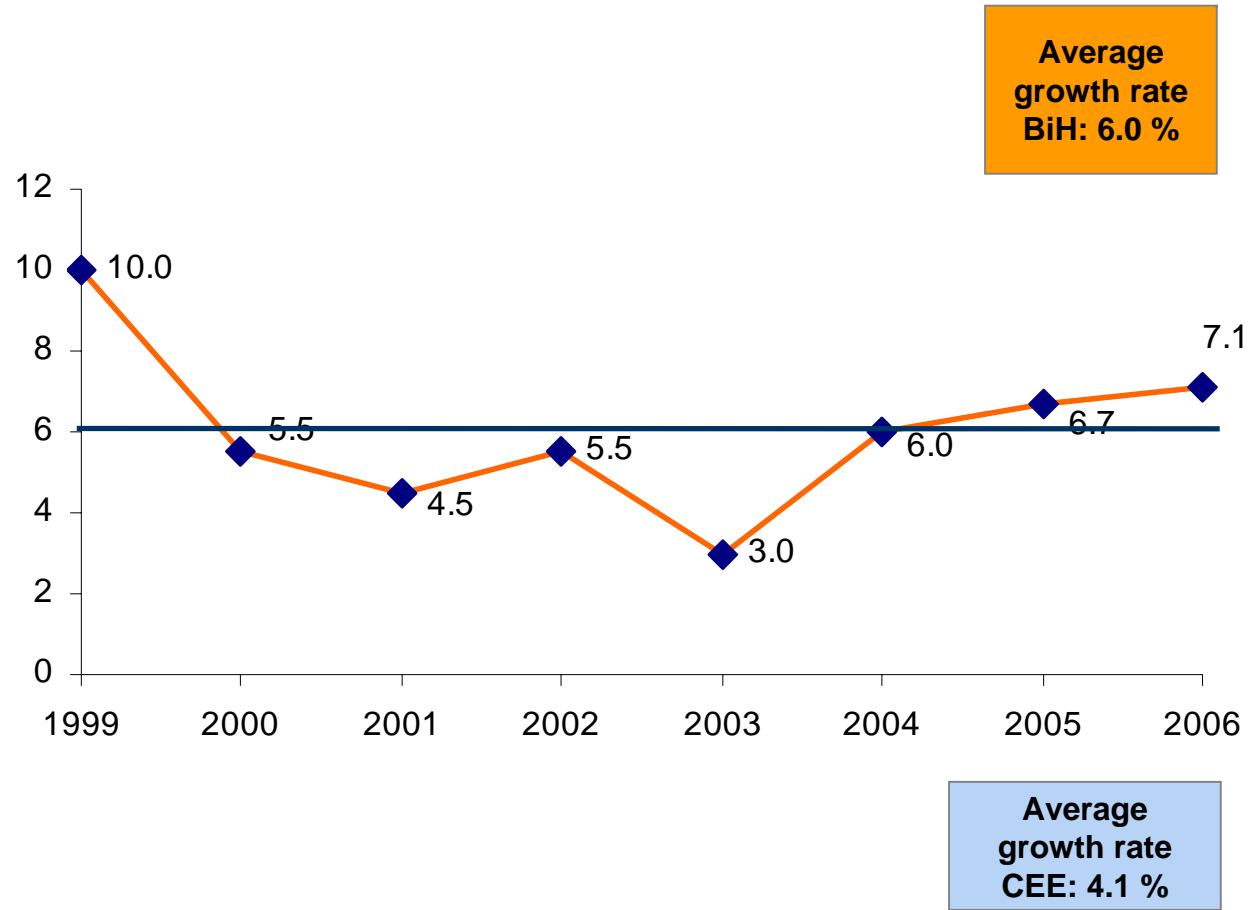




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Real GDP growth rate, %



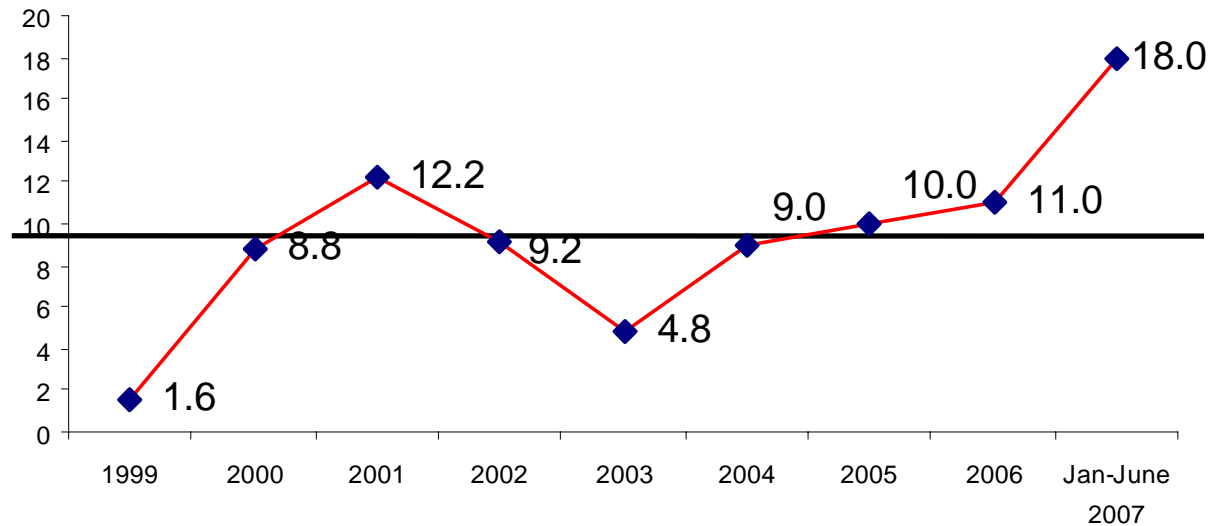


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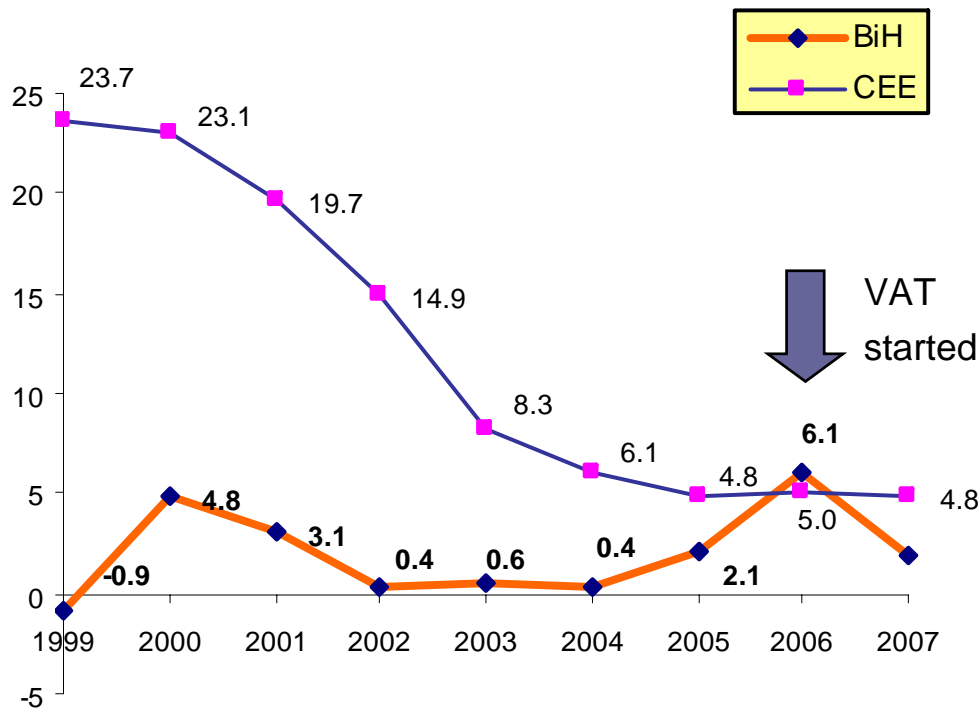
Industrial production growth rate, %



**Average
growth rate
BiH: 9,4 %**



Annual inflation rate, %

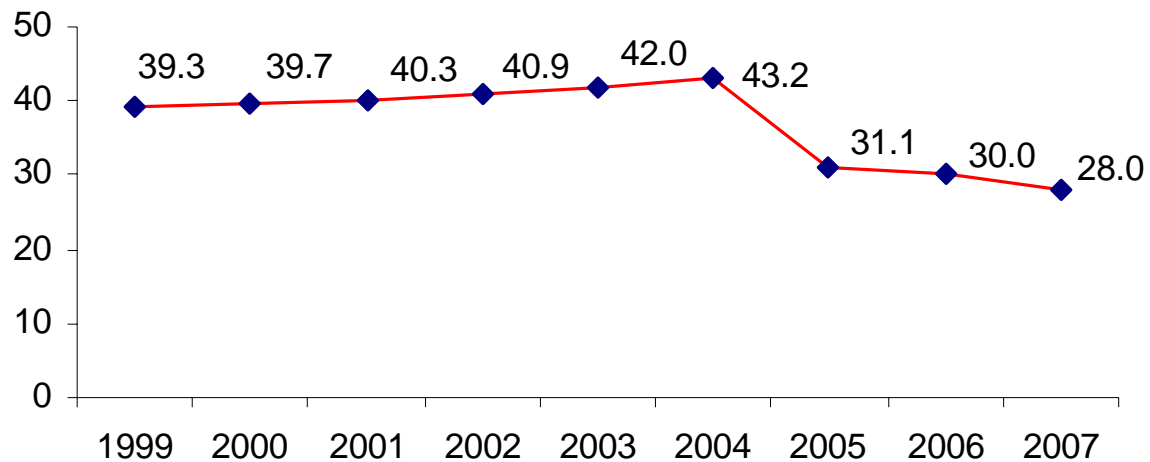




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Annual unemployment rate, %



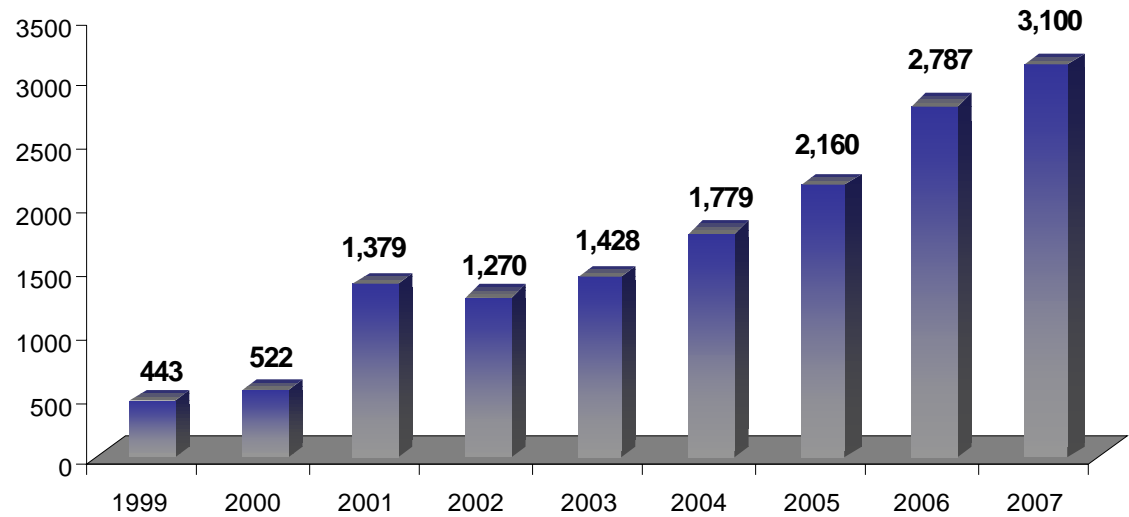


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Currency reserves, mill €



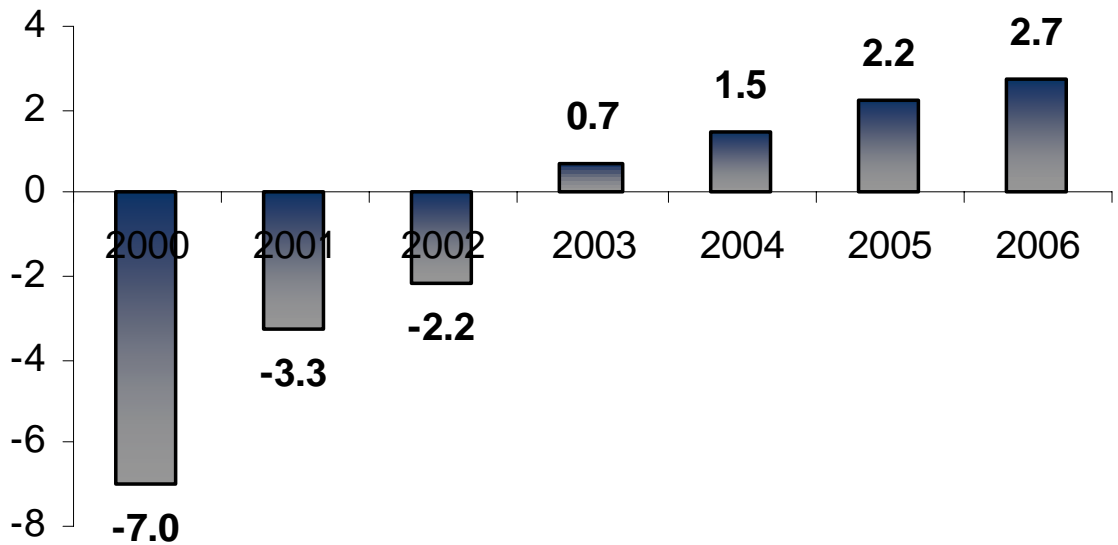


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State budget balance, % GDP



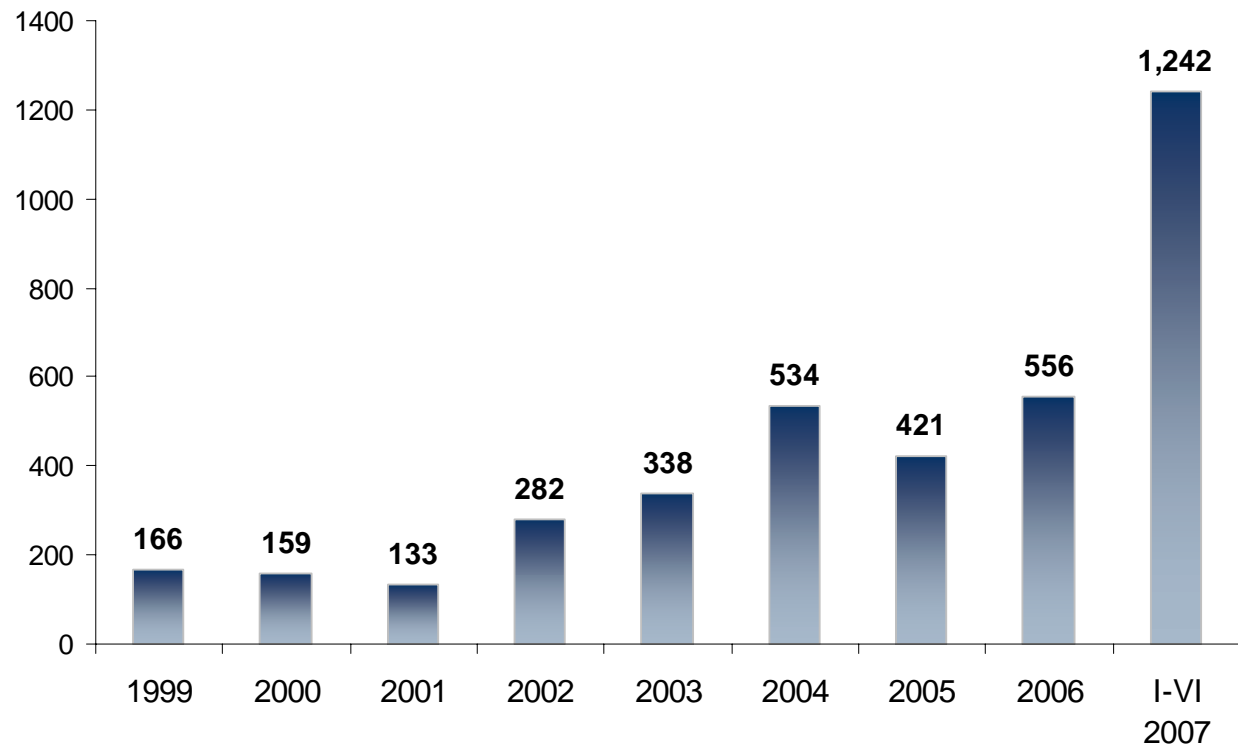


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Total FDI inflow, mill €





FDI inflow January – June 2007, €

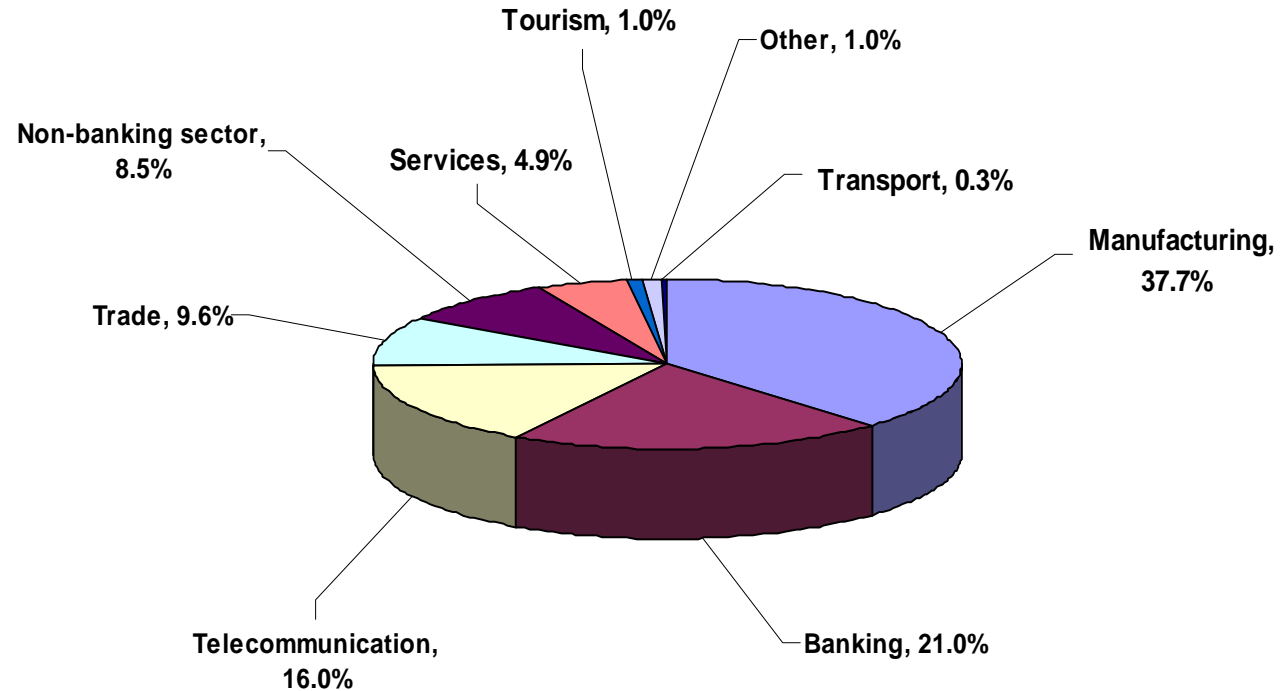
Serbia	659,166,225	Italy	19,173,446
Switzerland	132,338,700	Belgium	16,361,340
EIB	113,225,838	Slovenia	15,134,751
Austria	89,201,515	EBRD	12,180,670
Croatia	54,196,939	Germany	11,759,713
USA	48,572,729	Malaysia	9,510,029
United Arab Emirates	25,000,000	United Kingdom	9,203,254
IFC	24,000,000	Lithuania	3,067,751
TOTAL €			1,242,092,900

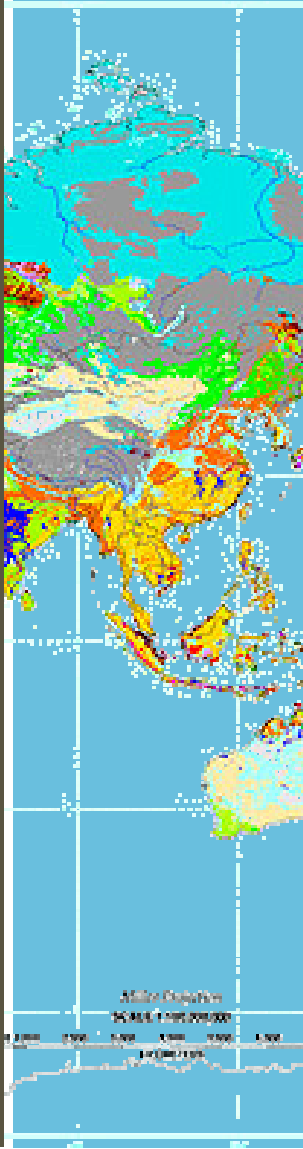


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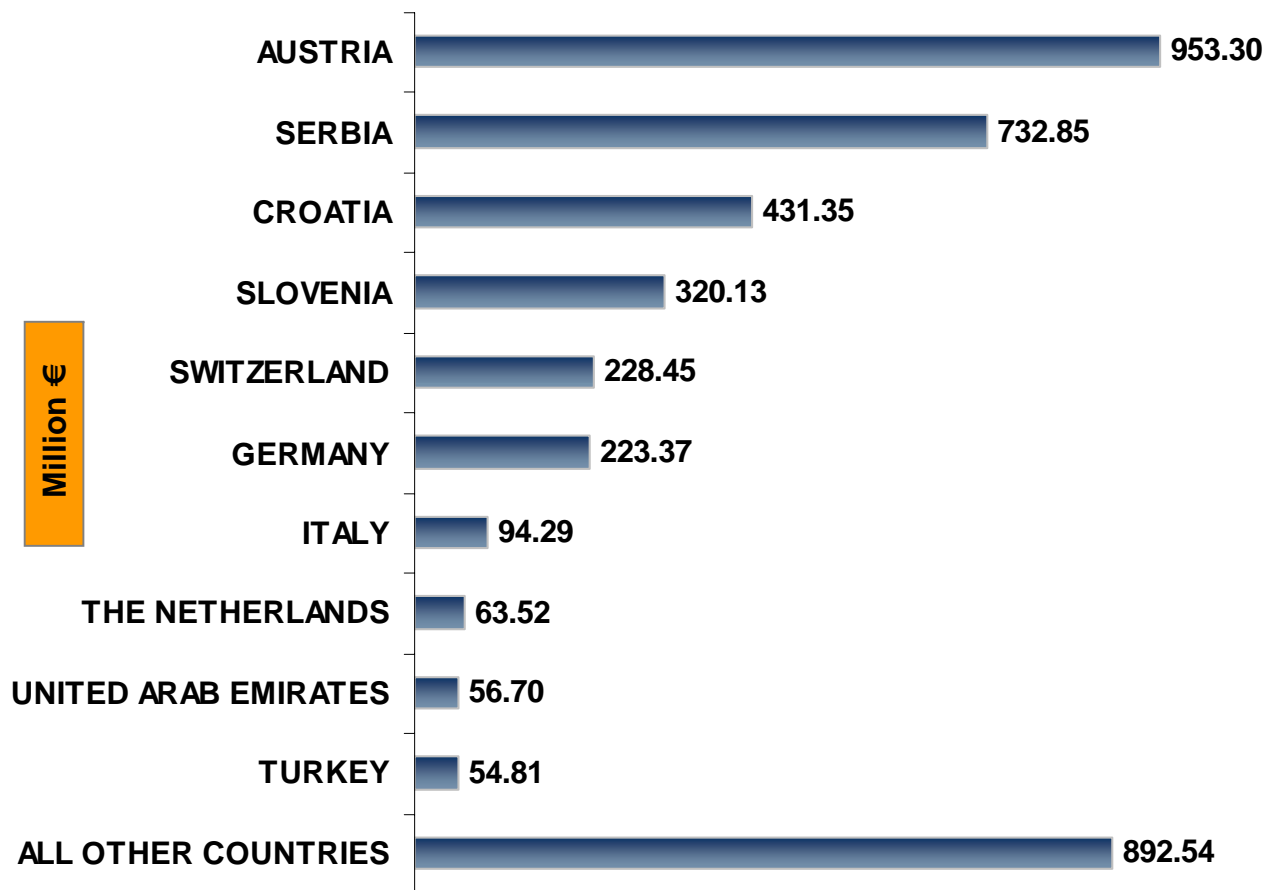
FOREIGN INVESTMENT PROMOTION AGENCY
OF BOSNIA AND HERZEGOVINA

Foreign Direct Investments in BiH by sectors (May, 1994 – June, 2007)





Top investor countries in BiH (May, 1994 – June, 2007) Total amount 4.1 billion €





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OF BOSNIA AND HERZEGOVINA

Major Foreign Trade partners

Country		2006 (in 000 €)		I – VI 2007 (in 000 €)
Total	100%	8,463,681	100%	4,759,414
CROATIA	17.3%	1,468,590	17.1%	812,618
GERMANY	12.5%	1,056,941	12.3%	586,921
SERBIA & MONTENEGRO	10.8%	915,207	8.7%	*412,372
ITALY	10.4%	881,098	10.7%	505,069
SLOVENIA	8.8%	748,112	7.6%	362,121
AUSTRIA	4.6%	388,979	4.6%	218,753
HUNGARY	3.4%	285,102	3.5%	165,719
USA	2.4%	207,049	2.0%	96,089
SWITZERLAND	2.2%	186,416	2.1%	102,614
CZECH REPUBLIC	2.2%	186,070	1.9%	90,588
TURKEY	2.0%	169,068	3.9%	186,694
FRANCE	1.8%	150,736	1.9%	90,412
RUSSIA	1.6%	133,969	1.6%	75,913
POLAND	1.4%	117,428	1.2%	57,420
MACEDONIA	0.9%	78,410	0.9%	43,835
TOP 15	82.4%	6,973,175	80.0%	3,807,138

* - 2007, SERBIA





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Top foreign investors





FDI net inflow in SEE (in mill US\$)

	1999	2000	2001	2002	2003	2004	2005	2006
Montenegro	-	-	10	84	44	63	474	149
Macedonia	32	175	441	78	96	156	97	300
Albania	51	143	204	135	178	332	265	350
BiH	153	146	125	265	381	662	523	693
Croatia	1,395	1,079	1,179	586	1,932	871	1,509	2,825
Bulgaria	802	998	803	876	2,070	2,777	2,298	3,000
Serbia	112	25	165	475	1,360	966	1,481	3,500

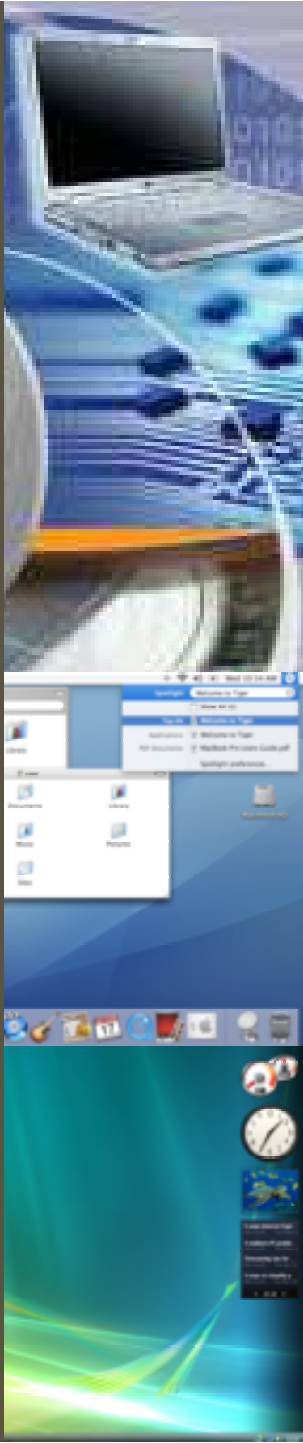




Stock exchange turnover

in million

	2002	2003	2004	2005	2006	I-VI 2007	Total
Sarajevo Stock Exchange	21.31	60.79	102.84	283.95	334.75	474.50	1,278.14
Banja Luka Stock Exchange	3.57	37.08	51.54	142.19	198.62	220.57	653.57
Total	24.88	97.87	154.38	426.14	533.37	695.07	1,931.71

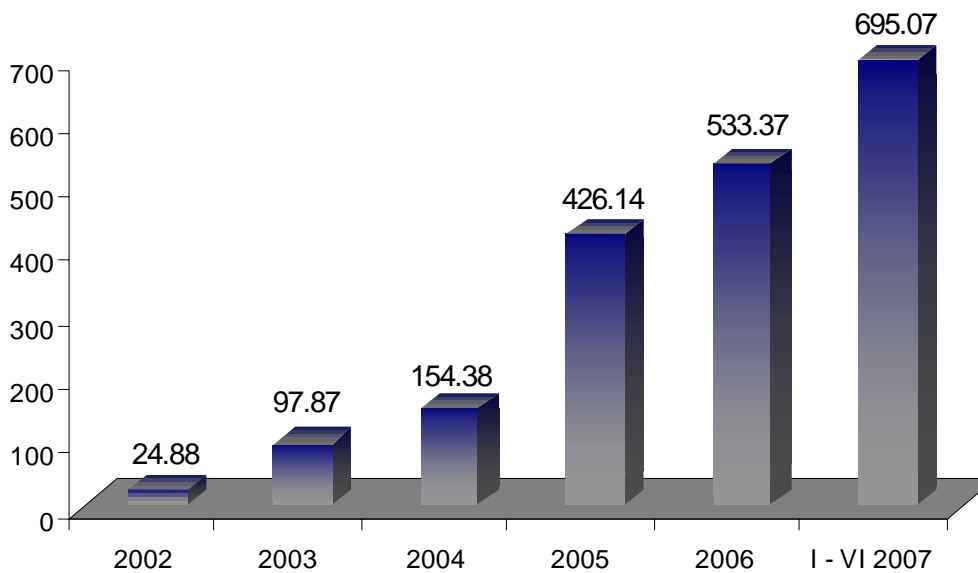


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Stock exchange turnover

in million





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Why invest in BiH?

1. Stable financial sector
2. Favourable trade and other agreements
3. Favourable legislation
4. Favourable tax and customs system
5. Competitively priced labour force
6. Foreign Investors Support Fund



1. Stable Financial Sector

- The lowest inflation in SEE
- The most stable currency in SEE (EURO, 1KM =0.51 EUR)
- Large inflow of foreign banks – currently, foreign ownership in banking sector in BiH is 85%
- “B2” credit rating with the stable outlook by Moody’s Agency



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**Central European Free
Trade Agreement
(CEFTA) - 30 mill**

**Free Trade Agreement
with Turkey - 70 mill**

**Preferential Trade
Agreement with EU,
27 countries - 500 mill**

**Preferential export
regimes with USA,
Australia, New Zealand,
Switzerland, Norway,
Russia, Japan, Canada**



Free Trade Agreements



AGREEMENTS ON AVOIDANCE OF DOUBLE TAXATION

BELGIUM	CHINA
CZECH REPUBLIC	DENMARK
CYPRUS	FINLAND
EGYPT	GERMANY
FRANCE	ITALY
HUNGARY	MALAYSIA
IRAN	MALTA
MOLDOVA	NORWAY
PAKISTAN	PHILIPPINES
POLAND	ROMANIA
SERBIA AND MONTENEGRO	SLOVAKIA
SLOVENIA	SWEDEN
TURKEY	UNITED KINGDOM
UNITED ARAB EMIRATES	JORDAN
CROATIA	

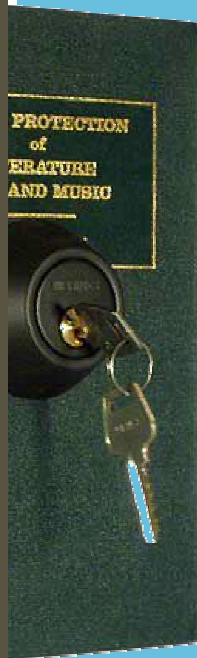
AGREEMENTS ON PROMOTION AND PROTECTION OF INVESTMENTS

AUSTRIA	INDIA	ROMANIA
BELARUS	IRAN	SERBIA AND MONTEGRO
BELGO-LUXEMBURG UNION	ITALY	SLOVENIA
CHINA	JORDAN	SPAIN
CROATIA	KUWAIT	SWEDEN
CZECH REPUBLIC	LITHUANIA	SWITZERLAND
DENMARK	MACEDONIA, FRY	TURKEY
EGYPT	MALAYSIA	UKRAINE
FINLAND	MOLDOVA	UNITED KINGDOM
FRANCE	NETHERLANDS	OPEC FUND
GERMANY	PAKISTAN	USA (OPIC)
GREECE	PORTUGAL	
HUNGARY	QATAR	



3. Favourable Legislation

- **FDI Law**
 - National treatment of foreign investors
 - Repatriation of profits
 - Protection against nationalization, expropriation or similar measures
 - Right to freely employ foreign nationals, subject to the labour and immigration laws in BiH
- **Corporation organization**
 - There are no citizenship/nationality limitations for partners or the members of the management and supervisory boards





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4. Favourable Tax and Customs System

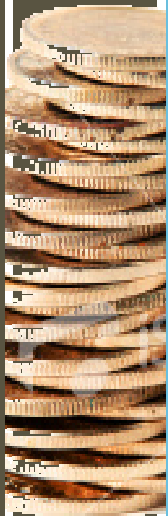
- **Tax system**

- In RS profit tax is 10%
- In FBiH profit tax is 30%
 - Five year exemption from payment of profit tax in FBiH
- **Unique VAT rate of 17%**



- **Customs system**

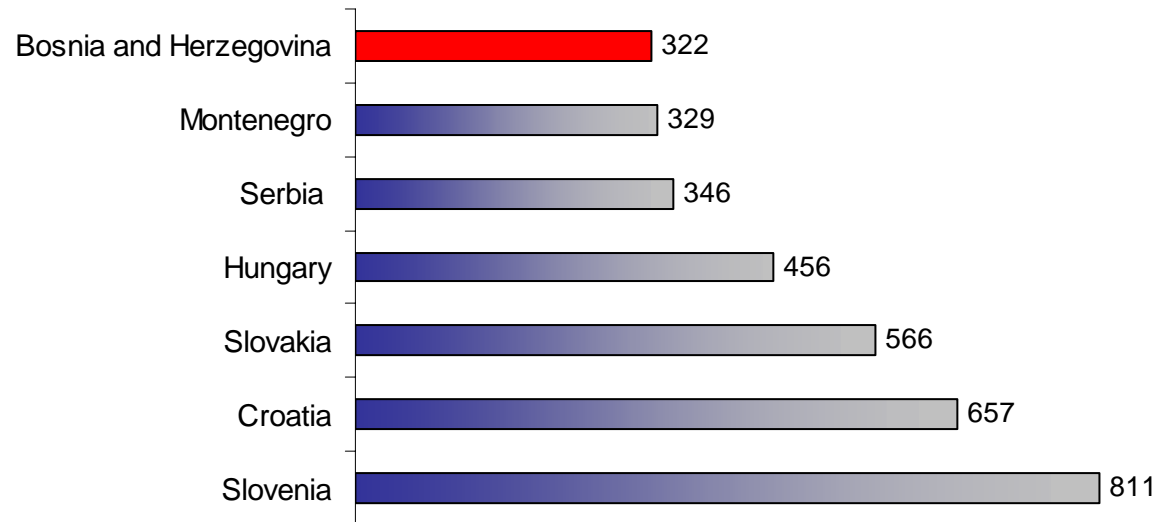
- Exemption from payment of customs duties for foreign investors
- Customs rates 0-15%





5. Competitively Priced Labour Force

- Average net wages (2007), €



- Creative, skilled and educated workforce
(8 state universities and 9 private international colleges)



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6. Foreign Investors Support Fund

- Established by Council of Ministers
- Budget in 2007: 1 mill €
- Foreign investment projects in production, research, development etc. (except trade, banking, leasing and insurance)
- Conditions:
 - Number of employees
 - Investment location
 - Value of investment
 - Export of products
 - Environment protection



Investment potentials – Attractive economic sectors

- Energy Sector
- Tourism
- Auto-components Industry
- Wood Industry
- Metal Industry
- Agriculture and Food Processing Industry
- Construction Industry
- Infrastructure
- ICT





Our goals:

- Sustain economic growth
- Achieve progress in reforms and economical liberalization
- Create an environment for public private partnerships
- Create industrial parks and areas
- Create a friendly business environment
- Eliminate administrative barriers
- Implement the Strategy for Promotion – Attraction of Investments in BiH



Advantages are:

We are confident that all mentioned incentives,
together with:

- Macroeconomic stability
- The lowest inflation in the region
- The fastest real GDP growth in the region
- Stable currency exchange rate
- Completely reformed banking sector
- Reform of the tax system, including VAT system,
which created a unique tax system in the country
- Favourable legal framework for foreign investment

Will lead to an increase of FDI in BiH in the next year





FIPA Support

- Servicing potential and existing investors, especially during the process of business registration
- Legal advice for foreign investors
- Providing of all information related to BiH business environment
- Investor after-care
- Policy advocacy
- Analysis and presentation of attractive sectors for foreign investors
- Good co-operation with all levels of Government in BiH

OUR SERVICES ARE FREE AND CONFIDENTIAL



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OF BOSNIA AND HERZEGOVINA

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