



BOSNIA AND HERZEGOVINA

PRIVATIZATION

Sofia, 27 September 2007



FOREIGN INVESTMENT PROMOTION AGENCY
OF BOSNIA AND HERZEGOVINA





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Who is dealing with privatization process in B&H?

- Privatization is very important process for economic development of BiH which gives the possibility to all local and foreign physical and legal entities to participate in the purchase of the state capital.
- B&H is one of the countries with dominant state capital (1999 the private sector share was only 35%).
- Federal Privatisation Agency and 10 Cantonal Privatization Agencies are implementing procedure of privatisation in Federation BiH .
- Bank for Investment and Development of RS as well as the Government of RS are responsible for sales of state capital in Republica of Srpska .



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Privatisation methods

The methods of privatization are :

- Public offering of Shares - Small privatization scale
- Sales of State Capital in tender procedure-Large privatization scale
- Share Sales through Stock exchange
- Direct negotiation
- Additional Capital Investment
- Joint Venture
- Combination of the above mentioned methods



Privatisation and Foreign Direct Investment

- FDI Inflow, In the first six months of 2007, was 1,2 billion €
- Projection for 2007 is 2 billion € (expected privatisation of 2 refineries Bosanski Brod and Modriča, Aluminium factory in Mostar, Energoinvest, Sarajevo and investment in Thermo power plant in Gacko)
- More than 3.5 billion € (60% of total FDI) have been made through privatization process
- Plan for 2007: privatisation of 28 companies (tenders procedure)
- Expected privatisation of state monopolies: Telecommes, energy utilities – electricity, refineries etc

**List of the Companies for sale in Large-scale privatization
in cooperation with International Advisory Group for Privatization (IAGP)**

No	Company	Sector	Total capital (TC)	State capital (SC)		
				Amount	% od TC	IAGP
1.	ENERGOINVEST , SARAJEVO	Metal industry	23.165.022	15.520.564	67,00	USAID
2.	AIDA , TUZLA	Shoes	11.525.537	11.388.852	98,81	GTZ
3.	FABRIKA SODE , LUKAVAC	Soda Factory	36.721.234	35.074.860	95,52	GTZ
4.	FABRIKA DUHANA MOSTAR ,	Tobacco factory	19.038.250	12.755.628	67,00	GTZ
5.	FABRIKA DUHANA SARAJEVO ,	Tobacco factory	97.187.630	44.626.262	45,92	GTZ
6.	HEPOK , MOSTAR	Food processing	18.796.074	12.593.370	67,00	GTZ
7.	UNIS , SARAJEVO	Metal industry	52.042.505	34.868.478	67,00	GTZ
8.	HIDROGRADNJA , SARAJEVO	Construction	70.756.714	47.406.998	67,00	EC
9.	AIR BOSNA , SARAJEVO	BH Airlines	6.132.914	3.297.706	53,77	Holland Government
10.	KRIVAJA , ZAVIDOVIĆI	Wood industry	226.959.400	226.959.400	100,00	WB
11.	HTP ZENIT BRO NEUM	Hotel				WB
12.	ALUMINIJ dd , MOSTAR	Aluminum production				WB
13.	KTK VISOKO VISOKO ,	Leather industry	103.924.279	69.629.267	67,00	WB
14.	AGROKOMERC , VELIKA KLADUŠA	Food processing industry	368.648.134	246.994.250	67,00	WB
15.	HRVATSKI TELEKOM , MOSTAR	Telecommunications	175.233.557	98.975.464	56,48	WB



Tender Plan for 2007

The Governments of Federation BiH and Government of Republika Srpska announced Public Tender for share sales of the following Companies:

- „Energoinvest“ d d Sarajevo (*)
- „Hidrogradnja“ d d Sarajevo (*)
- „Aluminij“ d.d. Mostar (*)
- „UNIS - udružena metalna industrija“ d.d.Sarajevo (*)
- „Fabrika duhana Mostar“ d.d. Mostar (*)
- „Soda-so holding“ d.d. Tuzla
- „Tvornica kartona i ambalaže“d.o.o. Cazin (**)
- „Šipad export-import“ d.d. Sarajevo





- “Poljoprivredni zavod” Doboj
- “Famos Fabrika motora” Istočno Sarajevo
- “Zrak “AD Teslić
- “Trudbenik” AD Doboj
- “RK Boska” Banja Luka
- “Glas Srpske Grafika” Banja Luka
- “Glas Srpske trgovina” Banja Luka
- “Unis Pretis” AD Mokro
- “Orao” Bijeljina
- “Fabrika specijalnih transmisija” Istočno Sarajevo
- “Fabrika motora za specijalnu namjenu” Istočno Sarajevo
- “Tehnički remontni zavod” Bratunac
- “Incel Holding” Banja Luka



PLAN OF THE SHARE SALES THROUGH STOCK EXCHANGE

Agency for privatization of Federation of B&H has planned in 2007 to sale through the Stock exchange the shares of the following companies:

- “Interšped”d.d. Sarajevo (*)
- “Sarajevo-osiguranje” d.d. Sarajevo (*)
- “Fabrika duhana Sarajevo” d.d. Sarajevo (*)
- “Bosnalijek” d.d. Sarajevo





PLAN OF THE SALES AFTER THE COMPANIES RESTRUCTURING

Federal Agency for Privatization has foreseen to announce public invitation for the sales of techno-economic parts of the Companies:

- IP “Krivaja” d.o.o. Zavidovići,
- “KTK” d.d. Visoko,
- “Hepok” d.d. Mostar
- “Željezara Zenica“ d.o.o.



Privatization results for the period 1999- June 2007 in Federation B&H

	Total number of companies	Privatized companies		Not privatized companies		Result of privatization	
		number	%	number	%	Capital Billion	%
Federation of BiH	1 450	1 035	71.38	415	28.62	2.82	39.78



Privatization results for the period 1999- June 2007 in Republika Srpska

	Total number of companies	Privatized companies		Not privatized companies		Result of privatization	
		number	%	number	%	Capital Billion	%
Republic of Srpska	1 135	689	60.70	446	39.30	3.17	76.30



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Privatization results in B&H for the period 1999- May 2007

	Total number of companies	Privatized companies		Not privatized companies		Result of privatization	
		number	%	number	%	Capital Billion	%
Federation of BiH	1 450	1 035	71.38	415	28.62	2.82	39.78
Republic of Srpska	1 135	689	60.70	446	39.30	3.17	76.30
TOTAL	2 585	1 724	66.70	861	33.30	5,99	



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- For more information on present and future privatization you can visit:
- www.apf.com.ba for Federation of B&H and
- www.rsprivatizacija.com for Republika Srpska



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