



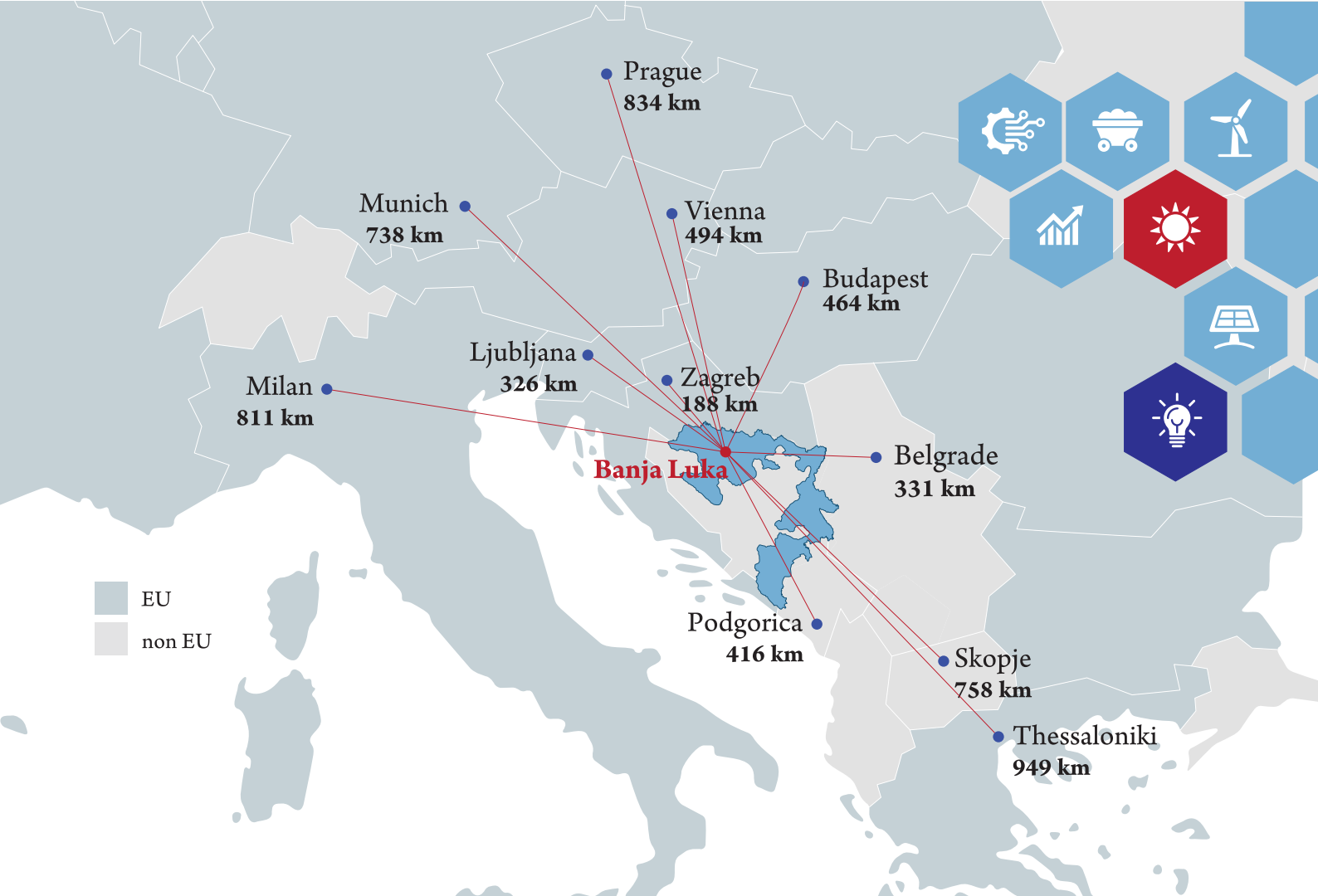
Investment Opportunities in Republic of Srpska



Republic of Srpska
Investment-Development Bank



Republic of Srpska



Geostrategic position

The Republic of Srpska is located in the central part of the Balkan Peninsula, at the very border with the European Union (Croatia).

The investors who invest in the Republic of Srpska have **access to the markets of 600 million citizens** on the principle of free trade, based on the following agreements: CEFTA, the Free Trade Agreement between Bosnia and Herzegovina and Turkey, the EFTA Agreement and candidate status of Bosnia and Herzegovina for membership in the European Union.

Access to the markets of **600 million** citizens

Human resources

Professional and hard workers. Around **20,000 of educated workers from 18 to 35 years of age** (secondary school qualifications, college degree and university degree) ready to work.

Natural resources

- 1.2 million ha under forest (**more than 50% of the territory of the Republic of Srpska is covered by forest**);
- Over 1 million ha of **agricultural land**;
- Large reserves of **brown coal, lignite and peat**;
- Presence of **non-metallic raw materials** (clays, bentonites, decorative stone, technical-building stone, etc.) throughout the Republic of Srpska and metallic mineral raw materials: iron ore (found in the western part of the Republic of Srpska, wider Prijedor area), lead and zinc ore (presence in the wider area of Srebrenica and Foča), bauxite ore (presence in the wider area of Srebrenica, Milići, Mrkonjić Grad and the Eastern Herzegovina area).
- Huge **water potential**;
- Great potential for the use of **renewable energy sources**, such as wind energy, solar energy, energy from biomass and geothermal energy.

Favourable treatment of foreign investors

- a foreign investor has the **same rights and obligations** as domestic investors;
- a foreign investor may **establish a business entity under the same conditions** that apply to domestic investors;
- a foreign investor may acquire **ownership rights on real estate** in accordance with regulations on real rights (i.e., on the basis of reciprocity);
- foreign investment is **exempted from paying customs and customs duties** in accordance with the provisions of the law regulating the customs policy in BiH;
- a foreign investor has the right to **open an account** in the territory of the Republic of Srpska in any commercial bank, in domestic or any other freely convertible currency, for the purpose of investment;
- a foreign investor is **guaranteed that their investments shall not be expropriated** or subjected to measures with similar effects, save for in exceptional cases, when in the public interest and in accordance with the laws and other regulations which are applicable to domestic investments;
- a foreign investor has the right to **transfer the funds** resulting from their investment in the Republic of Srpska, **without restriction, in any freely convertible currency**, upon fulfilment of all tax and statutory obligations with respect to public revenues in the Republic of Srpska.



METAL AND ELECTRICAL INDUSTRY

The Republic of Srpska has a significant raw material base such as metal and mineral raw materials (iron ore, bauxite, lead and zinc) and electricity.

Investment opportunities

- the greatest potential for investments exists in the production of parts and components for **energy facilities, the automotive industry and the defence industry** where there is already cooperation with well-known brands;
- investors also have free capacities for brownfield investments, considering that a significant number of non-privatised companies that are majority owned by the Republic of Srpska operate in this sector, companies in the field of defence industry;
- **the metal and electrical industry sector** has attracted promising global and regional companies and several foreign-owned companies already operate within it, successfully supplying their global customers from their production base in the Republic of Srpska.



TEXTILE, LEATHER AND FOOTWEAR INDUSTRY

In this branch of economy there are real domestic resources of raw wool and raw hide, on the one hand, and demand for final products, on the other hand, which leaves space for new investments in this branch..

Investment opportunities

- the establishment of design and development centres in the Republic of Srpska through the establishment of partnerships between textile companies from the Republic of Srpska and abroad;
- domestic companies are interested in **joint ventures**, where foreign companies would modernize and expand the production capacity of domestic textile companies, through the purchase of new machines, employment and training of new workers, as well as **opportunities for greenfield investment in the missing capacities**, where foreign companies would build fabric finishing factories, for leather processing, wool processing and plants for the production of fashion clothing of the world's famous brands.

WOOD PROCESSING INDUSTRY

Forest coverage in the Republic of Srpska over 50%.

This branch of economy is also supported by the institutions of the Republic of Srpska through the conclusion of contracts for the supply of raw materials for wood processors for a longer period of time, delayed payment of raw materials and granting discounts in case of advance payment of raw materials.

Investment opportunities

- investing in companies that have not completed the privatisation process, as well as companies in bankruptcy;
- **production of raw materials** for the needs of the wood industry (60% of companies import some of the raw materials such as: MDF boards, natural veneer, plywood, edging strips, paints, varnishes, fittings, sandpaper, abrasive brushes, etc.



FOOD PROCESSING INDUSTRY

Fertile soil, clean water sources and unpolluted air form a good basis for organic food production. The existence of geothermal waters on over 50% of agricultural land enables investments in glass and plastic greenhouse production.

Investment opportunities

- **production and processing of fruits and vegetables** (glass and plastic greenhouses for vegetables and berries for consumption and processing; growing raspberries and blackberries and building cold stores and fruit driers, raising plantations: walnuts, hazelnuts, pears, cherries and apples and fruit and vegetable processing facilities);
- **viticulture and winemaking**;
- **livestock breeding, production and processing of milk and meat** (construction of farms, reproc centres, and production of meat and dairy products of higher stages of processing, permanent and semi-permanent meat products);
- **fisheries** (breeding quality fish for export and raising processing capacities);
- **beekeeping** (production of bee products of recognisable geographical origin for export, introduction of new products primarily for the needs of tourism and catering);
- production and processing of **medicinal herbs, mushrooms** and collection of **forest fruits**;
- growing and processing of **industrial plants** (sugar beets and oilseeds - soybeans and oilseed rape).





INFORMATION & COMMUNICATION TECHNOLOGY INDUSTRY

The ICT sector achieves the fastest growth in exports, revenue growth and the number of employees.

Investment opportunities

- significant potential of **young and well-educated workforce** (70% of workers under 35 years of age);
- growing interest of young people in ICT education;
- recognition on the world market through **partnerships** of domestic companies with well-known international companies.



**70% OF WORKERS
UNDER
35 YEARS OF AGE**



**PARTNERSHIPS
WITH INTERNATIONAL
COMPANIES**



TOURISM

Tourism in the Republic of Srpska represents one of the most promising economic branches, which records a constant increase in tourist traffic, i.e. the number of tourist arrivals and overnight stays. Space for the realization of investments and projects exists in all types of tourism in the Republic of Srpska, especially in mountain, spa, eco and adventure tourism.

Investment opportunities

- **mountain tourism** (construction of accommodation facilities on Jahorina Mountain, the National Parks Sutjeska and Kozara, etc);
- **sports and adventure tourism** (the development of hunting, eco and adventure tourism, paragliding, hiking, cycling and the developing of canyoning on the rivers Drina, Tara, Una, Vrbas);
- **spa tourism** – there are over 200 geothermal and mineral springs in the entire territory of the Republic of Srpska with the possible investments in tourist infrastructure and suprastructure, through capital investments in the modernisation of spas, i.e. the introduction of wellness, fitness and wellbeing programs;
- **health tourism** due to quality medical staff and favourable prices of medical services (health services among the most competitive in the region: dental services, cosmetic surgery, ophthalmic services, etc.);
- construction of **hotels with larger capacities and congress facilities**, as well as for high standard, especially in Banja Luka, Trebinje, Prijedor, Doboj.

Business zones

City/municipality	Name	Investment type
Banja Luka	Business Zone Ramići	Greenfield, brownfield
Berkovići	Business-production zone Viduša	Greenfield
Bijeljina	Industrial Zone 1	Greenfield
	Industrial Zone 2	Greenfield
	Industrial Zone 3	Greenfield
	Industrial zone 4	Greenfield
Bratunac	Industrial and duty-free zone Pobrđe	Greenfield
	Sports-Recreational Centre "Rajska Plaža" Krasanpolje	Greenfield
Brod	Business Zone Ostrve	Greenfield
	Business Zone Rit	Greenfield
Vlasenica	Business Zone Skele	Greenfield
	Industrial Zone Kula-Zeban	Greenfield
	Business Zone Novi Elastic – DIV – Birač	Brownfield
	Business Zone Drinski korpus	Brownfield
Gacko	Business Zone Bregovi	Greenfield
	Kanal	Brownfield
	Lazarići 1	Greenfield
Gradiška	Economic Zone Nova Topola	Greenfield
Derventa	Service-communal Centre	Greenfield
Doboj	Free Zone Doboj (currently registered as single free zone at three locations)	Greenfield, except location in Ševalije (brownfield)
Zvornik	Investment location Inženjering	Brownfield and one greenfield plot
	Jadar Business Zone	Greenfield
Istočna Ilidža	Industrial Zone 2 – Grlica	///
	Industrial Zone 1	Greenfield
Istočni Drvar	Business Zone Potoci	Brownfield
Jezero	Business Zone in Jezero	Greenfield
	Industrial Zone	Greenfield
Kneževo	Industrial Zone	Greenfield, brownfield
Kozarska Dubica	Business Zone Lipova Greda	Greenfield
Laktaši	Business Zone in Aleksandrovac	Greenfield
Ljubinje	Soko Ljubinje	Brownfield
Milići	Industrial Zone Podgora	Greenfield

Over 60 business zones in the Republic of Srpska ready for investment.



Sectors for investment

Production activities

Energy sector - solar power plant (1 MW)

Residential zone, trade - service zone, industrial - production zone

Trade - service zone, industrial - production zone

Light industry, small economy

Industrial - production zone, light industry, small economy

Manufacturing

Business activities in the field of tourism and sport

Production activities

Production activities

Production activities

Production activities, small economy, industry, and similar activities.

Wood industry, textile industry, metal industry

Warehouses, trade and service activities

Small economy and production activities (ecologically clean technologies)

Business and production activities

Business and production activities

Food industry, automotive industry, metalworking and woodworking industry, textile, leather and footwear industry, services, shopping centres, technical and engineering services, etc.

Business, production

Manufacturing, transport and storage (logistics), wholesale and retail trade

Manufacturing, organization of production and performance of service activities

Greenfield plot intended for traffic, transport, logistics

Manufacturing

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Production facilities

All sectors under consideration

Metal industry, wood processing, agriculture

Metal processing, wood processing with a higher degree of finalization, processing of agricultural products, etc.

Production activity, but it is also possible to develop business, trade and service activities. Priority sectors for investment in the zone are agriculture, metal processing, electrical industry and others

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Metal industry and wood industry, processing

City/municipality	Name	Investment type
Modriča	Entrepreneurial Zone	Greenfield, brownfield
Mrkonjić Grad	Business zone Podbrdo	Greenfield
Nevesinje	Bojišta (Čitluk)	Greenfield
	Nevesinje (Kilavci)	Greenfield
	Sopilja (Maćipolje) Planned zone for separation of stone and gravel	Greenfield
Novi Grad	Industrial Zone Poljavnice	Greenfield, brownfield
Novo Goražde	Business Zone of Gradina building	Brownfield
Pale	Industrial Business Zone "FAMOS" Koran	Brownfield
Petrovo	Karanovac	////
	Petrovo	////
	Sočkovac	////
	Tourist Zone Kaluđerica	////
Pelagićevo	Business Zone in LC of Porebrice	Greenfield
Prnjavor	Business and tourist Zone of Vijaka	Greenfield
Prijedor	Business Zone Airport 4	Greenfield
	Buildings of the former company ODC Rudoplast	Brownfield
Rudo	AD Novi Autodijelovi building	Brownfield
Sokolac	Industrial Zone Nova Romanija a.d. Sokolac	Brownfield
	Business Zone Podromanija	Greenfield
Srbac	Business Zone Sitneši	Greenfield
	Business Zone Crnaja	Greenfield
Srebrenica	Potočari	Greenfield, brownfield
Stanari	Business zone Termoelektrana	Greenfield
Teslić	Lanara	Greenfield, brownfield
Trebinje	Business Zone Volujac	Greenfield
Trnovo	Business - Industrial Zone Trnovo 1	Greenfield
	Economic Zone Pilana	Brownfield
	Economic Zone Čilimara	Brownfield
Ugljevik	Industrial zone and agricultural holdings on the whole territory of Ugljevik Municipality	Greenfield, brownfield
Foča	Industrial zone Brod na Drini	Brownfield
	Business zone Livade	Brownfield
Han Pijesak	Industrial zone Mekote	Greenfield
Čelinac	Business zone Čajavec	Brownfield
Šipovo	Volari	////
	Natpolje	////
	Sokolac	////

Sectors for investment

Not defined

Industrial-production, business-trade and service activities

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Separation of stone and gravel

Wood processing sector, textile, electrical and metal sector

Starting production - food processing based on fruit and vegetables or for some other adequate production activity

Production, warehouse and distribution space

Poultry and processing industries for this purpose

The purpose of the land is defined without excessive restrictions for investment, except for the part intended for the metal industry for which there were no interested parties, and the land is private (wood industry, metal industry and zone of warehouses and light industry)

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The purpose of the land is for catering and tourist facilities

Production - service activity in any sector

Small and medium enterprises, tourist and catering facilities

Production activities (manufacturing industry)

The facilities of the former company ODP "Rudoplast" have the capacities of the chemical industry

Former business entity from the field of metal processing industry that was engaged in the production of fuel tanks, air tanks, oil tanks, exhaust systems and other spare parts and equipment related to FAP's production program of all types of trucks

All sectors of the economy that do not have a negative impact on the environment

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Multipurpose

Multipurpose

All sectors

Metal processing sector

Target activities: wood and furniture, light industry and all clean manufacturing activities, services, technical and engineering services

Construction of production facilities (clean industry), commercial and warehouse spaces

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Construction of new buildings, rehabilitation of existing ones and additional investments in agriculture through the introduction of machinery rings as the most rational form of equipment

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Wood industry, there are conditions for other sectors as well

Secondary and tertiary (production, service, trade, storage...)

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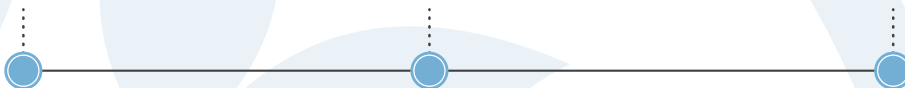
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Company registration

One-stop
shop system

3 days to
register the activity

Minimum founding
capital starting from BAM 1



Stimulative tax policy

VAT RATE

17%

PROFIT
TAX RATE

10%

INCOME
TAX RATE

8%

DIVIDEND
TAX RATE

0%

THE
NON-TAXABLE
PART OF
PERSONAL
INCOME

511 €

THE TOTAL
CONTRIBUTION
RATE ON THE
GROSS SALARY

31%

Support for investors

subsidies and incentives

- Incentives for increasing the wages of workers employed in economic entities and incentives for direct investments: *investing in new technologies and modern equipment.*
- Providing support for investments in large investment projects, which result in investments in tangible or intangible assets, in the *amount of at least BAM 1,000,000, with the obligation to employ at least 50 workers.*
- Incentives from the field of *energy and mining.*
- The program of support for employment in the economy through the Employment Institute of the Republic of Srpska, which highlights the *program of tax and contributions refunds for newly employed workers.*
- At the end of 2019, the Republic of Srpska Investment-Development Bank (IRBRS) introduced a new credit line that enables companies which plan to introduce new technologies in their production process to obtain favourable *loans at an interest rate of up to 3%, with a repayment period of 12 years and a grace period of 24 months.*
- The companies that invest in equipment and facilities for the performance of registered production activities in the territory of the Republic of Srpska are entitled to a *tax base reduction by the value of the investment.*
- There are certain advantages in the benefits for the annual income of the qualified investor.
- Monetary incentives for *agricultural and rural development.*
- At the local level, there are various forms of incentives and subsidies related to the initiation and expansion of economic activities and the development of agriculture, as well as relief for certain local fees and services.



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