

# ORAŠJE

Investment guide



CENTRE FOR  
ENTREPRENEURSHIP OF  
THE MUNICIPALITY OF ORAŠJE

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# Interreg - IPA CBC

Croatia - Bosnia and Herzegovina - Montenegro



## PROJECT'S OVERALL OBJECTIVE:

Contributing to sustainable economic development and increasing in employability through the creation of an efficient and effective entrepreneurial ecosystem in the cross-border partnership area (Orašje, Garešnica, Lipik)

## PROJECT'S SPECIFIC OBJECTIVE:

To improve the structure and quality of business services in the business support institutions of the cross-border partnership area (Orašje, Garešnica, Lipik)

## PROJECT DURATION:

**28 months**

**01.07.2017. - 31.10.2019.**

Total budget: **731.906,95 €**

Programme co-financing (85 %): **622.120,89 €**

Total budget Municipality of Orašje: **249.881,48 €**

Programme co-financing (85%): **212.399,25 €**

Total budget Town of Lipik: **261.375,50 €**

Programme co-financing (85%): **222.169,17 €**

Total budget PCG: **220.649,97 €**

Programme co-financing (85%): **187.552,47 €**

## Introductory

Dear investors,

With this investment guide, we will try to present you all the development potential of the Orašje Municipality in order to improve the economic environment and to support entrepreneurial initiatives and improve the overall social-economic position of our Municipality.

This guide aims to provide all the necessary information on the resources, capacities and procedures related to investments on a local level.

We want future investments and new jobs to create a Municipality that is a desirable place to live in which all natural, social, economic, political and human resources are directed towards sustainable local development.



## Municipality of Orašje

The municipality of Orašje is located in the northeast of Bosnia and Herzegovina and covers an area of 125 square kilometres. It belongs to the Federation of B&H with its territorial affiliation, and with the municipalities of Odžak and Domaljevac-Šamac, and the smaller part of the Bosanski Brod Municipality, it makes the Posavina County.

Orašje with settlements has almost 20,000 inhabitants, and as the headquarters of the

Posavina County, it has about 60,000 inhabitants.

The municipality of Orašje has created all the prerequisites for the development of small and medium sized entrepreneurs, agriculture and for foreign investments. The municipality is located along the border with Croatia and the EU and with its rich natural resources is certainly one of the best places for foreign investments in Bosnia and Herzegovina. The border crossing for Croatia in the area of Orašje Municipality is one of the largest newly built border crossings in Bosnia and Herzegovina.

The Sava River, cultural assets, palaeontological sites and famous events are the basis of tourism development in the municipality.

**Surface area:** 125 square kilometres

**Number of inhabitants:** 19,861

**Position:** 45°15' north latitude and 18°41' east longitude

**Height above sea level:** 83m

**Climate:** Moderate continental climate

**Time zone:** Central European Time (UTC +1)

**Official language:** BHS

**Currency:** BAM

**Postal code:** 76270

**Area code:** +387 (0)31

The area of the Orašje municipality includes 13 settlements: Orašje as the center, Oštra Luka, Bok, Bukova Greda, Matići, Kostrč, Tolisa, Donja Mahala, Ugljara, Vidovica, Kopanice, Jenjić, Lepnica

### Basic features of the Orašje Municipality:

- county centre
- administrative centre
- education centre (faculties)
- cultural centre (galleries, museums, libraries)
- spiritual centre (Franciscan Monastery of Tolisa)
- health centre (developed primary and secondary health care)
- sports recreation centre (swimming pools, football and tennis courts)
- shopping and service centre (shopping centres and catering establishments)

- industrial centre (wood, metal, agricultural-food, electronics)
- tourist centre (Abonos - processing of ancient oak)
- agriculture (fruit growing, vegetable growing, cereals, other industrial crops)
- poultry and pig meat
- wickerwork
- hunting and fishing
- motor sports

## Geo-transport position

The Municipality of Orašje also carries the name "Kapija BiH" (Gate of B&H) because its territory has one of the main border crossings connecting B&H with the Republic of Croatia or the European Union. This is one of the most significant comparative advantages compared to other locations in the surrounding area, making the Municipality of Orašje an easily accessible and attractive investment location. Spatially, the Orašje Municipality is well connected to the rest of Bosnia and Herzegovina, Croatia and Serbia.

There are important roads going through the municipality: the main road Orašje - Županja which connects Orašje with Croatia. The same main road connects the Municipality with the Zagreb - Belgrade highway which is only 12 km away from the municipality. The main road Orašje - Tuzla - Sarajevo - Mostar is also a major road for the municipality of Orašje and gives the municipality a good basis for economic development, especially for the development of tourism and trade.

The municipality leans against the Sava River, which opens up various possibilities for river transport.

### Distance from larger centres:

- Tuzla - 70 km
- Belgrade - 160 km
- Sarajevo - 200 km
- Zagreb - 260 km
- Budapest - 370 km

## Economic profile and resources

The economy of the Municipality of Orašje is based on the development of micro and small enterprises, trades and agricultural holdings and the tradition of crafts.

The strategic orientation of the Municipality of Orašje is to increase the participation of the manufacturing and processing sector in the local economy and to attract new, modern and export-oriented small and medium-sized enterprises that generate added value.

With fast and easy access to the market of the European Union, a rich resource base for the manufacturing and processing industry, business tradition and lower production costs, the Municipality of Orašje can offer business conditions that will enable potential investors to produce high quality and competitive products for the European and global markets.

The key sectors of business entities in the area of the municipality that represent the backbone of the economy are:

- trade and service activities



**Orašje panorama**

- processing industry
- transport and logistics
- construction.

The main export products include: riding saddles, trailers, auto industry parts, knitted wicker products, consumer eggs, fermented tobacco, tanned leather, IT services, medical furniture, insulation foil, electronic and metal products.

The Municipality of Orašje has significant natural resources and predispositions, and one of the main natural resources in the area of Orašje Municipality is agricultural land.

Agricultural land is suitable for growing a large number of cultures including environmentally healthy food/organic production. In this sense, the municipality has about 8,000 hectares of cultivable land that is increasingly used for labour intensive crops that include different types of vegetables grown outdoors or in greenhouses and tobacco.

On the other hand, natural sand and gravel, which is exploited on the river watercourse of the Sava River, as well as in inland areas (exploitation fields), is annually exploited in the amount of about 100,000 m<sup>3</sup>, is also one of the advantages of natural resources, which together with the potential of the Sava River make the excellent technological preconditions necessary for the irrigation of agricultural crops and for using for many other purposes, such as transport, tourism and cultural-sporting events.

The available workforce is an addition-

al factor that raises the level of competitiveness of the Municipality of Orašje as an entrepreneurial destination. There is a tradition of working in agriculture, metal, textile, chemical and food industry, construction and service industries. The Municipality of Orašje offers various workforce profiles, mainly professional and technical professions (engineers, electrical engineers, agronomists, medical staff, economists and lawyers). Since residents from neighbouring municipalities are gravitating daily in the Municipality of Orašje, the number and profile of the available workforce is considerably higher.

The tradition of craftsmanship in the municipality is also a force when it comes to potentials, especially because of the fact that the additional factor of the multicultural centre of the hospitable and cordial population further illustrates the openness that Orašje has nurtured for centuries.

When talking about the existence of additional elements that define a good investment product (tourist potentials, sports, cultural, historical factors), the Municipality of Orašje has very good resources and attractions, primarily the Sava River, which dominates the landscape and creates the “a place on the river”. Furthermore, the paleontological site located in the wider area of the Sava riverbed, although currently only partially explored and used, is a great tourist potential that can be used and can be the basis for the future positioning of Orašje.

The largest church in Bosnia and Herzegovina within the Tolisa Monastery is also



**River Sava view**

a valuable resource and can become an unavoidable visit point for tourists. The Tolisa Monastery Museum, with its valuable collections, has a great potential for the development of cultural tourism and is almost ready to market it.

### Targeted sectors for investments

- Agricultural and food sector (production and processing of food - cereals, fruit and vegetables, milling and bakery products, consumer eggs, livestock feed, poultry and pig production, tobacco, medicinal herbs, planting and ornamental plants)
- Wood processing industry (production of plaiting materials - wicker racks, production of wood furniture),
- Metal processing industry (production of auto parts and trailers, production of boats, production of doors and windows of aluminium and PVC),
- Transport and Logistics,
- ICT sector,
- Energy sector.

## Entrepreneurial Zone

### Entrepreneurial Zone Dusina

The Dusina Orašje Entrepreneurial Zone was established in 2010 by the Decision of the Municipal Council of Orašje.

The zone extends over 35.17 hectares; it is divided into 50 parcels and is regulated by the spatial planning documentation of the Municipality of Orašje.

Free parcels are in 100% ownership of the municipality. For the Entrepreneurial Zone there is a Spatial and Urban Plan, which foresees the development of the Entrepreneurial Zone.

The zone is located right next to the main road Orašje - Tuzla, only 1 km from the border crossing Orašje - Županja (CRO - EU), and 12 km from the Zagreb - Lipovac highway.

The Municipality of Orašje offers an attractive incentive package for investors in the Dusina Entrepreneurial Zone, which includes:

- Favourable price of land (1.5 €/m<sup>2</sup>)
- Exemption from fees for use and organization of construction land
- Exemption of utility contributions for construction.

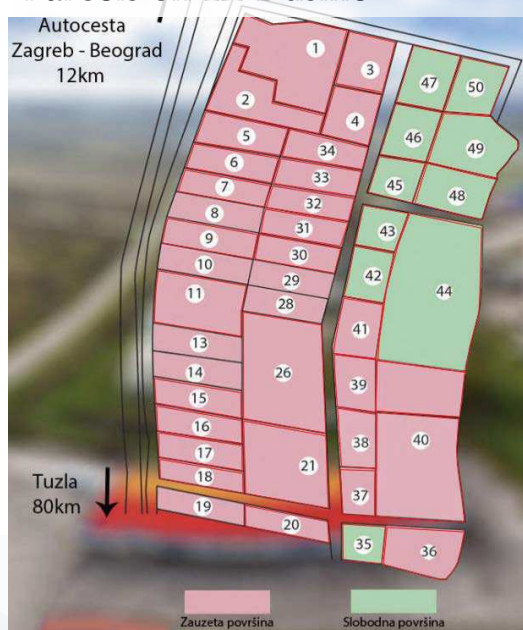
The required communal infrastructure was built in the Entrepreneurial Zone. Investors have at their disposal:

- Water supply (connection of the Dusina Entrepreneurial Zone water supply pipeline to the pipe diameter DN 225 mm).
- Sewerage (mixed sewerage network for sanitary and faecal and waste water),
- Electric Power Infrastructure (the zone is covered by the electric power system TS 110/35/10 kV ORAŠJE, 2 x 20 MVA),
- Telecommunication (the required telecommunication infrastructure is ensured in the Zone)

In addition to favourable land prices and facilities, there is a possibility of connecting parcels according to needs.

Investing in the Dusina Entrepreneurial Zone is suitable for export-oriented small and medium-sized enterprises that have the need for local raw materials, suppliers or the establishment of value chains in the processing (food, wood, metal) industry,

### Parcels on EZ Dusine





## Entrepreneurial Zone Dusina

as well as in all other related sectors. It is also suitable for manufacturing and services based on information and communication technologies.

The Dusina Entrepreneurial Zone is suitable for a so-called Greenfield Investment, which has so far been recognized by 25 entrepreneurs (domestic and foreign from Germany, the Netherlands and Belgium), who operate in the Zone and employ more than 250 employees. Its activities include the production of metal parts for the auto industry, production of small boats, production of trailers, production of plastic products, stone processing, leather processing, trade and services.

## Incentives for investors offered by the Municipality of Orašje

The Municipality of Orašje offers a range of long-term incentive measures targeted at the development of small and medium entrepreneurship and crafts.

The incentive measures for the development of entrepreneurship and crafts in the area of the Municipality of Orašje include:

- Subsidizing new employment in newly built or reconstructed business premises,

- Co-financing of part of the contribution for newly registered agricultural activities and deficit and low-accumulative trades
- Co-financing equipment procurement for technological improvement of entrepreneurship and crafts businesses.

The municipality of Orašje paid special attention to the process of obtaining building permits and property registration. It is especially important to point out that the Municipality of Orašje has low fees for obtaining a building permit for building business facilities.

Furthermore, in the Municipality of Orašje, the entrepreneur and investor will not be overburdened with high prices of raw materials, energy and communal services since the Municipality of Orašje has low average cost of electricity, water, sewage and waste management.

## Incentives for investing in Bosnia and Herzegovina

Bosnia and Herzegovina has well-defined laws and sub-laws when it comes to the start-up and operation of companies, especially when it comes to foreign investments. In B&H, foreign investors are given:

- The same rights and obligations as the residents of Bosnia and Herzegovina
- The right to transfer earnings resulting from their investment in Bosnia and Herzegovina abroad.
- Foreign investors have the same property rights as B&H legal entities
- Exemption of VAT payments when importing resources
- Free employment of foreign nationals if not otherwise regulated by labour laws in Bosnia and Herzegovina
- Foreign investments are exempt from paying customs duties, other than for passenger cars, gaming machines and prize games
- An investor who has achieved more than 30% of the total income realized in the year for which the export profit tax is established through export is exempt from the payment of income tax for that year
- Basic equipment and other equipment imported for the purpose of transferring jobs from a third country to B&H are exempt from VAT costs
- The investor does not pay excise on exported products
- An investor who employs more than 50% of people with disabilities and persons with special needs for more than a year, is exempt from paying taxes for the year in which he employed more than 50% of persons with disabilities and persons with special needs

The following is exempt from paying taxes and customs:

- Funds and other equipment belonging to companies that have ceased their activity in a foreign country and moved to the B&H customs area in order to continue doing similar activities
- Seeds, fertilizers and land-based products imported by farmers in foreign countries for use on land bordering with these countries
- Physical and legal entities using heating oil for heating residential and commercial buildings and agricultural production facilities (greenhouses) are entitled to the refund of excise duty paid on heating oil

- Entrepreneurs who import goods used for commercial and promotional purposes



#### VAT rates in the region:

- Bosnia and Herzegovina - 17%
- Slovakia - 20%
- Serbia - 20%
- Czech Republic - 21 %
- Slovenia - 22%
- Poland - 23%
- Romania – 24%
- Croatia – 25%

#### Income tax rates in the region:

- Bosnia and Herzegovina - 10%
- Slovakia - 23%
- Serbia - 15%
- Czech Republic - 19%
- Slovenia 17%
- Poland - 19%
- Croatia – 12% i 18%
- Romania - 16%
- Hungary - 20%

**As we can see, Bosnia and Herzegovina offers one of the most stimulative taxation systems in Southeast and Central Europe, which includes:**

- Profit tax rate from 10%,
- Income tax rate from 10% and
- Value added tax rate (VAT) from 17%.



# Entrepreneurial institutions

## Entrepreneurial incubator Orašje

For domestic and foreign investors who will invest in the Dusina Enterprise Zone and in the area of the Municipality of Orašje, the Municipality has ensured the possibility of using office space in the Business Incubator until investors build their business premises. Modernly equipped offices are available with all necessary infrastructure, including broadband internet.

Office Business Incubators are available under very favourable conditions for beginner entrepreneurs in IT and administrative activities (up to 5 years of use) and existing entrepreneurs with new products and services (up to 3 years of use).

The business incubator is located in the building of the Centre for Entrepreneurship of the Municipality of Orašje in an attractive location near the border crossing with the Republic of Croatia and the entrance to Orašje and has 7 business premises from 16.24 square meters to 27.13 square meters.

The subsidized amount of fees for the use of office space, depending on whether the entrepreneur is a beginner or an existing entrepreneur, ranges from 0 €/m<sup>2</sup> in the first year to 5 €/m<sup>2</sup> (no VAT) in the fifth year.

## Centre for entrepreneurship of the Municipality of Orašje

Current and future investors are also offered advisory services of the Centre for Entrepreneurship of the Municipality of Orašje, which manages the Business Zone of Dusina and the Business Incubator.

The Centre was established with the aim of supporting the development of small and medium-sized enterprises in the area of the Municipality of Orašje.

The “All in one place” service is available to existing and future entrepreneurs, and includes the following support from the Centre for Entrepreneurship team:

- Informing and educating entrepreneurs
- Providing advisory assistance when starting a business, from registering a company and obtaining permits, employment to realization of various grants
- Connecting entrepreneurs to other entrepreneurs, supporting and financing institutions
- Providing overall support during business ventures.

The Entrepreneurship Centre also actively carries out activities for promoting and attracting investors to the Orašje Municipality and prepares and implements development projects of interest to the Municipality.



Centre for entrepreneurship

Entrepreneurial incubator Orašje

## Historical attractions

The first written mention of the Orašje area dates back to the 12th century. It is found in the charter of the Hungarian king, Bela IV, whereby Bela donated to the Bosnian bishop some properties in northern Bosnia, in Posavina, called Terra Tolys. The Charter also mentions the river Tolisa and the settlement called Tolisa.

Orašje, as a town, was urbanized and inhabited in 1862. The Turks inhabited it with Muslims - immigrants from Šapac, Užice and Belgrade to have a stronger border and defence from the Austro-Hungarian side on the river Sava. The town was designed by French experts so that all main streets had an exit to the Sava, and the crossroads made fields appear as chessboards.

The first post office in Orašje was opened in 1884 and the first telephone exchange was installed in 1913.

Agriculture being the most important branch in this region is also shown by the first agricultural cooperative in Bosnia and Herzegovina founded in 1904, under the name of the Seljačka zadruga with limited warranty.

The Municipality of Orašje can also boast that the first elementary school in Bosnia and Herzegovina was also established in its area.

## Events

Orašje is famous for several major events throughout the year.

One of the most significant cultural events is the Days of Croatian Film, a event that is usually held at the beginning of September. It gathers numerous directors, actors and cultural workers from Croatia and Bosnia and Herzegovina. The latest cinematic achievements from Croatian cinema are shown as part of this event, and the whole event enjoys great media attention.

Another significant event is Days of Tolisa which has a cultural-folklore-sport character and is held in the middle of June.

Regarding sports events, traditional motorsports are held in Orašje during May, gathering around one thousand motorcycle enthusiasts from Europe. The international "Sava tour" regatta is held in July with the aim of bringing together water athletes and people living on the shore of the Sava River.

And finally, the Days of Culture that last from mid-May to mid-July with a rich program of concerts, literary evenings, folklore plays and more.

It is apparent from the above that Municipality of Orašje is rich in recognized events, which represents a great advantage in the context of tourism and economy development.



**Monastery in Tolisa**