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NEWSLETTER NO. 102

DECEMBER 2013

FIPA ACTIVITIES ≡

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ENTERPRISES REGISTRATION PROCEDURE WAS SIMPLIFIED IN RS

Within the reform of the business environment, as of the 1st December in RS new procedures have been introduced to simplify the registration of the company and to reduce costs. It was started the test phase of the one-counter system of businesses registration, according to which the person interested in registration of a business entity, after the notary processing or certification of the founding act, addresses only to the APIF and its business units in Banja Luka, Prijedor, Gradiska, Dobo, Modrica, Bijeljina, Zvornik, Istocno Sarajevo, Sokolac, Foca and Trebinje.

APIF will, instead of a party, perform communication with the competent court, the tax authority and will perform the tasks of classification of enterprises by activity.

In this regard, the company registration shall be made within three days, and the initial capital for the Ltd will be reduced from 2000 BAM to 1 BAM. Administrative and court fees will not be paid if the company is registered for the first time.

FIPA ACTIVITIES ≡

MEETING OF THE NETWORK OF COOPERATION FOR POST-INVESTMENT
SUPPORT TO COMPANIES IN BIH WAS HELD IN SARAJEVO



VISIT OF THE FIPA AGENCY TO THE SYSTEM
VERIFICATION COMPANY LTD. SARAJEVO



**SYSTEM
VERIFICATION**

...AND MORE ACTIVITIES...



SYSTEM VERIFICATION

VISIT OF THE FIPA AGENCY TO THE SYSTEM VERIFICATION COMPANY LTD. SARAJEVO



Representatives of FIPA Nina Pobrić and Tanja Bojovic - Simic had on 3rd December 2013 the meeting with the Director of the company Verification System Ltd. Sarajevo Mr Edhem Gigovic.

The Swedish System Verification established this company in Bosnia and Herzegovina in 2013.

The company offers quality and professional services to clients through effective providing software quality.

It employs young and professional engineers, and for the next period, the number of employees will be increased.



MEETING OF THE NETWORK OF COOPERATION FOR POST-INVESTMENT SUPPORT TO COMPANIES IN BIH WAS HELD IN SARAJEVO

On 10th December 2013 in Sarajevo, in the Parliamentary Assembly of BiH, it was held a meeting of the Network of cooperation for post-investment support to companies which the Foreign Investment Promotion Agency of BiH (FIPA) realizes in cooperation with the International Finance Corporation (IFC), a member of Group of the World Bank within the Project of Improving the Business Environment and Competitiveness in BiH. The results of the work of the Network of cooperation for 2013 were analysed at the meeting. In 2013, FIPA together with the partner institutions visited 30 companies that have foreign investment, and that belong to the group of small and medium enterprises, and have invested so far around 180 million euros. 82% or 23 visited companies are from production sector. Companies belong to the metal sector, automotive, agriculture and textile industry, and have a total of 4.366 employees. Of the total number of employees, 2.375 are newly employed without, workers employed through privatization or acquisition which counted 1.991 employees. From the visited companies, 26 or 92.9 % said they plan extension activities through expansion of the existing or introduction of new business activities, modernization or improvement of product quality and reinvestment in the future. This certainly includes the hiring of new workers. As the most complaints when it comes to the business environment in BiH, companies stated political instability, complicated and lengthy customs procedures, lengthy procedures at Investment-Development Bank of FBiH, lack of support for exporters, lack of transparency of incentives and subsidies, law or legislation, as well as the general lack of harmonization of legal regulations at all levels of governments. The participants at the meeting exchanged experiences related to the current work of the network, what are the advantages of the common work in order to resolve obstacles in business for foreign investors, and it was proposed further improvement of activities. They also discussed the definition of the reform proposals of the business environment in the country.

The Network of cooperation consists of representatives of nine municipalities, three cantons, one city, and 9 competent entities' and state ministries. The goal of forming the network is to improve cooperation between the competent institutions with the business sector in order to facilitate running business to the existing investors and to encourage them to reinvest.



FIPA ORGANIZED A ROUND TABLE “PROBLEM OF THE NON-EXISTENCE OF LEGAL LANDFILL FOR INDUSTRIAL WASTE OF ORGANIC ORIGIN IN BIH”



On 10th December 2013 in Sarajevo, in the Parliamentary Assembly of BiH, the Foreign Investment Promotion Agency of BiH (FIPA) organized a round table “Problem of the Non-Existence of Legal Landfill for Industrial Waste of Organic Origin in BiH”. The round table was organized in order to propose from the point of view of science and profession concrete legal solutions that will regulate this field in BiH with the aim to reduce the risk to human health and the environment, and create a favourable environment for companies operating in the food industry and the textile and leather. The confirmation of conformity of legislation with the EU legislation has a positive impact on the image of investment location, making thus easier attraction of other investments. In addition, the regulation of this area is one of the requirements on the road to the EU accession. Bosnia and Herzegovina has potential and real opportunities for increasing investments in the food sector and the sector of leather processing, and the goal is to enable enterprises smooth operation and further expansion, which automatically implies an increase in the number of employees. It should be mentioned that the method of disposal of animal waste in accordance with the EU requirements is one of the requirements for registration of facilities from meat processing industry for export to the European market.

The largest part of the produced waste in BiH is deposited on the uncontrolled landfills without using any technological measures of sanitary disposal. Treatment of animal waste under veterinary-health principles and under the principles of veterinary protection of the environment is not in compliance with applicable regulations and standards of the EU. The neighbouring countries have the so-called factory with zero degree of pollution, considering that all waste is being utilized in a positive purpose. Final products: technical fat and meat and bone meal will be used as fuels, and waste water will be purified to a level of quality of the river water. Although objections and requests for assistance in solving this problem were initiated by companies from the food sector and sectors which are engaged in the processing of leather, solving this problem will have multiple positive effects.

Conclusions of the round table are:

1. Participants pointed out that the existence of the unresolved issue of the treatment of organic waste creates a burden to both investors and population
2. Solving this issue will have a significant impact on improving the business environment especially for the food processing sector and the leather processing sector
3. It is necessary to review the available documents (strategies, programs, regulations) that treat with organic waste management at all levels and to create a legal and institutional framework to adequately resolve this issue.
4. Coordination of all competent institutions is the key to finding appropriate solutions.
5. Necessary steps in solving this issue is to develop projects that will treat organic waste as raw material in the generation of efficient and sustainable profits, as well as the selection of the most appropriate location for this purpose.
6. To use experience of the neighbouring countries as an example for finding solutions.

Speakers at the roundtable on the waste problems in BiH, on needs to adopt legislation that will regulate this area and what the introduction of integrated waste management means for the economy of BiH were Jelica Grujic, director of the Foreign Investment Promotion Agency of BiH (FIPA), Nermina Skejovic-Huric, Advisor for Programs and Projects of the Ministry of Foreign Trade and Economic Relations of Bosnia and Herzegovina, Mehmed Cero, Minister Assistant in the Department for the Environment of the FBiH Ministry of Environment and Tourism, Selma Masnic, Investments & Environmental Manager at Prevent BH, Tomaz Znidaric, Director of Dukat BH, Tomi Rumpf, Director of Perutnina Ptuj d.o.o. Srbac, and others.



THE MOST IMPORTANT FOREIGN INVESTORS IN B&H IN 2012 SELECTION EVEN

FIPA organized on 10th December 2013 in Sarajevo the traditional event of selection and awarding the most significant investors in B&H for 2012. The event of "Selection of Foreign investor in B&H" is being organized every year in order to provide support and to emphasize the companies whose investments in Bosnia and Herzegovina were the most important in the previous year. "Selection of Foreign investor in B&H" is an event within which the most successful foreign companies running business in our country are presented and which contribute to a positive perception of Bosnia and Herzegovina in the business world. These companies have recognized possibilities for investing in our country and have successfully started their business activity. Among other, they send a positive message to potential foreign investors on possibilities for successful running business in Bosnia and Herzegovina.

The company „Medugorje&Co d.o.o., Medugorje“ was the most important investor in the "Greenfield" category.

The company "Fl-Wood d.o.o. Foca" was chosen as the most successful investor in the category of "Acquisition/Privatisation".

In the category of "Opening new working places" was selected "Alpina-Bromy d.o.o. Tesanj", while the company "Sisecam Soda d.o.o. Lukavac" was the most important investor in the category of "Joint venture".

The event gathered large number of representatives of institutions, municipalities, international organizations, business community and media.

„Granimir&Co Ltd, Medugorje“

Medugorje 4 stars hotel is an Italian investment with a total invested capital of 4.6 million EUR, out of which 3.5 million EUR were invested in 2012.

They have 44 employees.

„Alpina-Bromy Ltd Tesanj“

Alpina Bromy was created by a joint venture of the company "Alpina" and Mr Suad Rosa. The company produces men's and women's footwear.

It has 315 employees, of which 82 were employed in 2012.

The company has invested so far 3 million BAM, and their plans are to expand and increase the production.

„FL-Wood Ltd. Foca“

The company was founded in 2011 with headquarters in Foca.

Owner and founder of the company is Mr Mohamed Fekry Attia El-Azab, a citizen of Egypt who is also the founder and owner of Fekry Ustikolina Ltd., which operates in the timber industry since 2006. During 2012, approximately 4 million BAM were invested in the reconstruction of the hall, the equipment procurement and preparation for work in Foca.

The main activity is the production of sawn timber, elements, massive panel and pellet.

56 workers were employed during 2012.

„Sisecam Soda Ltd Lukavac“

Corporation Sisecam from Turkey is one of the five largest producers of glass and soda in Europe and among the top 10 in the world, while Soda Sanayii AS is its chemical branch, which privatized Soda Factory Lukavac in August 2008. Total investments amount to 100 million EUR out of which 13 million EUR were invested in 2012. The main activity of the company is the production of light and heavy soda and other products based on soda. Most of the basic raw materials for the production process are bought at the market of Bosnia and Herzegovina, while 99% of products are exported to the European market.

Sisecam Soda Lukavac employs 567 workers.



VISIT OF THE FIPA AGENCY TO THE COMPANY MDG INTERNATIONAL



On Thursday, 12th December 2013, the representatives of the FIPA Agency had a meeting with representatives of the company MDG International based in Vogosca. MDG International is an investment with foreign share in which it was invested 45 % of the Dutch capital and 55 % of domestic one.

This successful Greenfield investment in the automotive sector was launched 2012 in Bosnia and Herzegovina and has recorded for now successful results. Engaged in the production of shock absorbers for railways, airplanes, cars and similar, and it is 100% export oriented.

In addition to the Netherlands, they export to the Czech Republic, Germany and Belgium. They currently employ 29 workers, and plan in the following period to employ new person and expand the production.

As reasons for investing in BiH, they mentioned a favourable tax system, educated and cost- competitive workforce. Satisfied with their business in Bosnia and Herzegovina, they said that there are a lot of investors interested in investing in BiH.

Complaints they have when it comes to business, are related to customs and long waiting at the border with loaded goods.

BUSINESS & INVESTMENT NEWS ≡

≡ GERMAN INVESTOR PLANS TO BUILD
A FOOD PLANT IN USORA



CONFERENCE "BIH ECONOMY - OPPORTUNITIES
AND CHALLENGES" ≡



...AND MORE NEWS...



GERMAN INVESTOR PLANS TO BUILD A FOOD PLANT IN USORA



Hans Pall from Germany paid a working visit to the Municipality of Usora and met with the Mayor of Municipality Ilija Nikic. Mr Pall is for some time in contact with the Municipality because of his interest in purchasing approximately 6,000 m² of building land in the business zone "Zabljak".

His plan is to build a manufacturing plant in the field of food industry. If he obtains the necessary approvals and permits, he will build a modern mill.

All production would be intended for export.



CONFERENCE “BIH ECONOMY - OPPORTUNITIES AND CHALLENGES”

According to the President of the Foreign Trade Chamber (FTC) of BiH Ahmet Egrlic, the conference “BiH Economy - Opportunities and Challenges”, held on 11th December in Sarajevo, marks the beginning of activities that should result in producing a document that would define all the problems faced by the BiH businesspeople and in making suggestions how to solve them through legal framework.

The document should be completed by the end of January 2014.



THE FBIH GOVERNMENT AND U.S. COMPANY HOWELL MACHINE INC. SIGNED MEMORANDUM ON DEFENCE INDUSTRY



A Memorandum of Understanding and the strategic partnership between the Government of the Federation of BiH (FBiH) and U.S. company Howell Machine Inc. on the production, development and trade in arms and military equipment was signed on 13th December in Sarajevo. The document was signed by the FBiH Prime Minister Nermin Niksic and the Federal Minister of Energy, Mining and Industry Erdal Trhulj, and president and owner of Howell Machine Inc. David Howell. Minister Trhulj after the signing said that in the past three years, has been made an important step in the development of a military industry production in FBiH, with a circumference increased from about 40 million in 2010, to 160-200 million, as expected in 2013, which exceeded the plans set out in the strategy of development of military industry. "We have concluded that the we currently reaching a maximum, and for the new breakthrough we should find a strategic partner to bring new technologies and new ways of managing the defence industry", Trhulj said, adding that one of the solutions is just a strategic partnership with Howell Machine Inc. He noted that the company is present in BiH for more than a year and has signed contracts with companies Igman dd. Konjic and Unis Ginex dd Gorazde, and significantly contributed to their development, increase of production and jobs creation. "The idea is that, on the basis of this memorandum, in the next few months, to sign a lease agreement with Howell Machine, Inc.. for a period of 10 years. FBiH Government will remain the owner, and U.S. company will manage enterprises Igman Konjic and Unis Ginex Gorazde, Binas Bugojno, Pretis Sarajevo and Zrak Sarajevo", Trhulj said.

According to him, the government, related to that contract, is interested in increasing employment in the military industry, the introduction of new technologies and NATO standards, and Howell Machine, Inc. in profit.

Howell, after signing the memorandum, said that the intention of Howell Machine, Inc. is continuous work with factories in Bosnia and export of products to the U.S., and other international markets. "We hope to continue to have the support of the Government, with the aim of increasing the number of employees and improving the quality of life in BiH," added Howell. Howell Machine, Inc., seated in Lewiston, Idaho state, is an American company that is engaged in the production, development and trade in weapons, military equipment and other items of defence technology. In the market of Bosnia and Herzegovina, the company is recognized as the largest single buyer of products from the FBiH defence industry.

This company in 2013, concluded deals worth around 65 million euros with the companies Igman Konjic and Unis Ginex Gorazde, and made a decision on investing in the expansion of production capacity for the production of the initial means in Unis Ginex Gorazde. The signing of the Memorandum was attended by representatives of the U.S. Embassy in BiH, BiH Ministry of Security, BiH Ministry of Defence, Ministry of Foreign Trade and Economic Relations, Division-responsible for issuing licenses, the Intelligence and Security Agency of BiH, FBiH Government, international organizations and the Federal Directorate for Military industry.

MEETING & EVENTS ≡

December 3	VISIT OF THE FIPA AGENCY TO THE SYSTEM VERIFICATION COMPANY LTD. SARAJEVO
December 10	MEETING OF THE NETWORK OF COOPERATION FOR POST-INVESTMENT SUPPORT TO COMPANIES IN BIH WAS HELD IN SARAJEVO
December 10	FIPA ORGANIZED A ROUND TABLE "PROBLEM OF THE NON-EXISTENCE OF LEGAL LANDFILL FOR INDUSTRIAL WASTE OF ORGANIC ORIGIN IN BIH"
December 10	THE MOST IMPORTANT FOREIGN INVESTORS IN B&H IN 2012 SELECTION EVENT
December 12	VISIT OF THE FIPA AGENCY TO THE COMPANY MDG INTERNATIONAL

A map of Europe with white outlines of countries on a blue background. The country of Bosnia and Herzegovina is highlighted in the colors of its flag: yellow, blue, and white with stars.

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WHY INVEST IN BOSNIA AND HERZEGOVINA?

- STRATEGIC LOCATION
- AVAILABLE NATURAL RESOURCES AND BEAUTIES
- LONG TRADITION IN DIFFERENT INDUSTRY BRANCHES
- ABUNDANCE OF INDUSTRIAL ZONE, ATTRACTIVE SITES AND AVAILABLE PRODUCTION FACILITIES
- FAVOURABLE LEGAL ENVIRONMENT
 - LOW TAX RATES
- HIGHLY EDUCATED AND PRICE COMPETITIVE LABOUR FORCE
 - STABLE DOMESTIC CURRENCY BAM PEGGED TO EURO
 - REGIONAL AND BILATERAL FREE TRADE AGREEMENTS
 - EU PERSPECTIVE