



**Republic of Srpska Government
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WOOD PROCESSING INDUSTRY
TOURISM ICT INDUSTRY
METAL AND ELECTRICAL INDUSTRY
FOOD PROCESSING INDUSTRY



www.investsrpska.net

GEO-STRATEGIC LOCATION

The Republic of Srpska, one of two entities of Bosnia and Herzegovina is located in the heart of the Southeast Europe, in the central part of the Balkan Peninsula, at the very border with the EU (Croatia). It is connected with Europe and Asia by Pan-European Corridor X – E70 motorway, which, in addition to the railway, Banja Luka International Airport, nearby international ports in the Adriatic Sea and free trade agreements, makes Republic of Srpska an ideal strategic location for export-oriented investors.

Regular flights from the Banja Luka Airport to Belgrade enable the good connection of Banja Luka with about 50 world’s destinations. Besides, the biggest low-budget Airline company Ryanair connects Banja Luka with Berlin, Brussels, Memmingen and Frankfurt. Flights to Vienna and Milan will be also established during this year.

| DISTANCE TO: | |
|--------------|---------|
| MUNICH | 736 km |
| VIENNA | 547 km |
| ZAGREB | 189 km |
| TRIESTE | 412 km |
| BUDAPEST | 505 km |
| LJUBLJANA | 327 km |
| BELGRADE | 332 km |
| SOFIA | 722 km |
| ISTANBUL | 1299 km |
| THESSALONIKI | 958 km |



FREE TRADE AREA

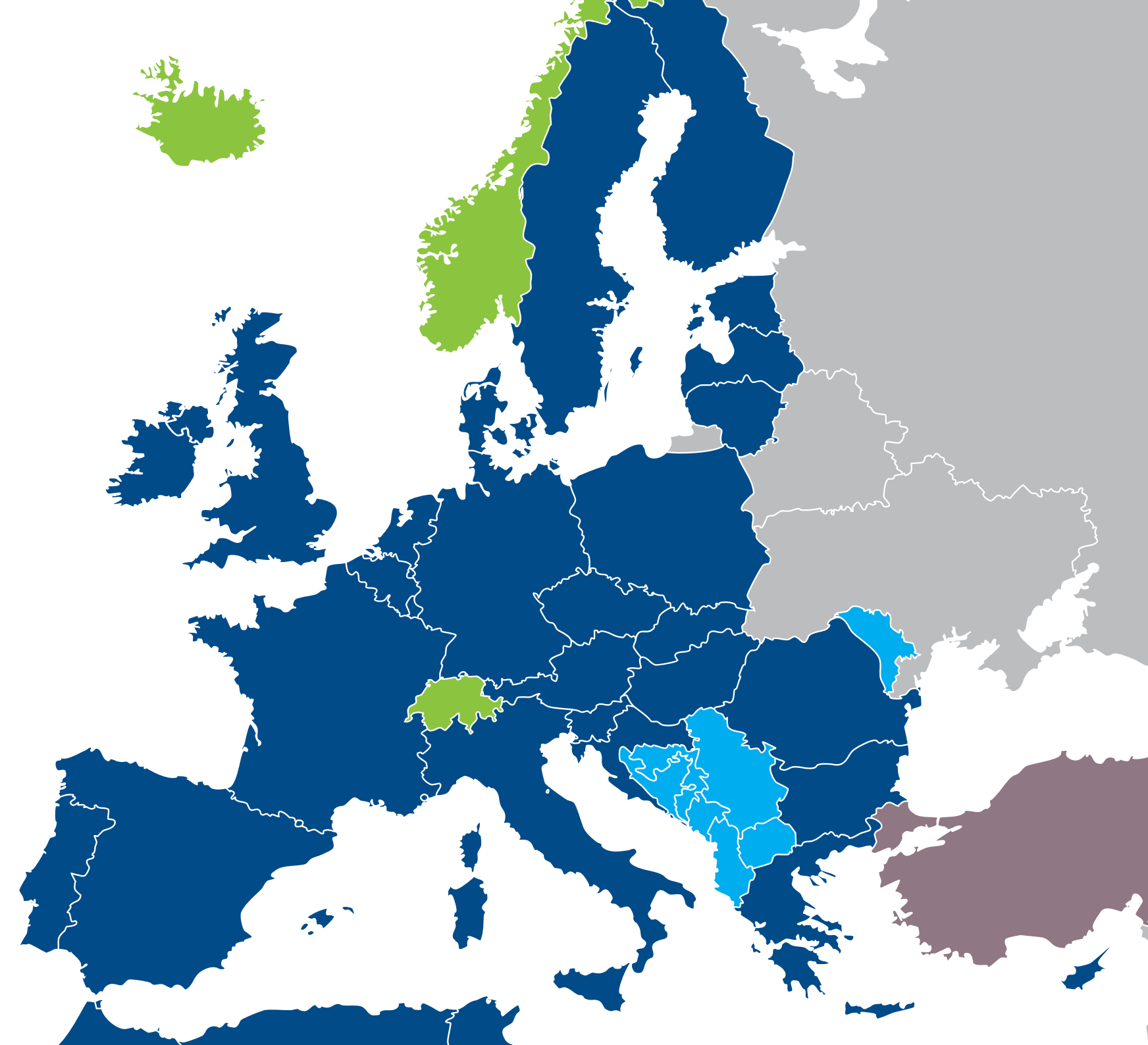
ACCESS TO MARKET FOR ABOUT 600 MILLIONS
OF CITIZENS BASED ON THE FREE TRADE PRINCIPLE

Investors in the Republic of Srpska have access to the
emerging markets based on the free trade principle, such as:

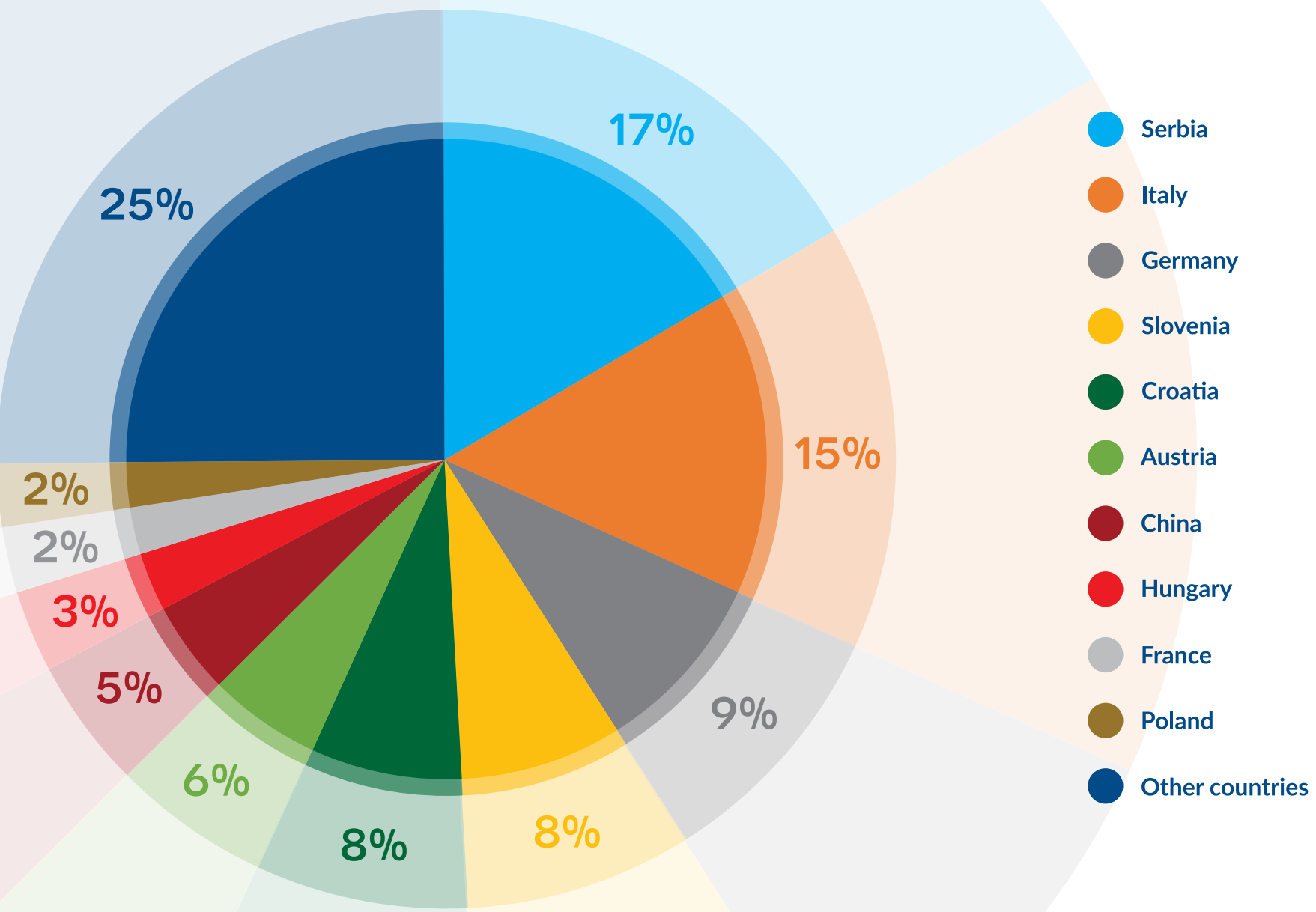
- CEFTA countries and their market of about 30 million citizens
- Free Trade Agreement between BiH and Turkey – about 70 million citizens
- EFTA Agreement, and
- Stabilisation and Association Agreement between the EU and BiH (which enables free export in the EU of almost all goods meeting the standards)

It represents the market of about 600 million citizens based
on the free trade principle.

● EU
● EFTA
● CEFTA
+ TURKEY



REPUBLIC OF SRPSKA MAIN FOREIGN TRADE PARTNERS, 2019.



Source: Republic of Srpska Institute of Statistics

WORKFORCE

A REPUBLIC WITH A WELL-EDUCATED AND HIGHLY SKILLED
WORKFORCE TAILORED TO THE NEEDS OF MODERN BUSINESS MARKET

Average net salary in RS by sectors, 2019. (€)



Source: Republic of Srpska Institute of Statistics

LOW OPERATING COSTS

Business start-ups in Republic of Srpska bear significantly lower operating costs due to stimulative tax policy and competitive labor prices.

The average net salary in the Republic of Srpska for 2019 was BAM 906 (463 €).

The non-taxable part of personal income is BAM 500 (255 €).

STIMULATIVE TAX POLICY

CORPORATE INCOME TAX RATE

10%

INCOME TAX RATE

10%

VAT RATE

17%

Total contributions rate on gross salary are 32.8% out of which:

- 18,5% for pension-disability insurance
- 12% for health insurance
- 1,7% for child protection and
- 0,6% for insurance from unemployment

Double taxation avoidance agreements have been signed with 40 countries of the world.

The price of electricity in Republic of Srpska is among lowest in the region – 0,051 €/kWh

BUSINESS FRIENDLY ADMINISTRATION

The Government of Republic of Srpska and local self-government units are investing significant efforts in reform of administration and the creation of a business-friendly environment.

A business start-up in Republic of Srpska now takes only three days and costs less than 100 €. The process of establishment of e-registration of business entities in the Republic of Srpska is underway.

In order to improve and harmonize the local conditions for doing business with those in the countries of South East Europe, Republic of Srpska is taking part in the regional program of Business Friendly Certification – BFC SEE. Currently, there are twelve (12) certified cities and municipalities in the Republic of Srpska, and several more are in the process of certification.



Businesses and citizens of Republic of Srpska have access to the Point of Single Contact for Business. The Contact Point provides information pertaining to methods, administrative procedures and formalities for starting and conducting business activities.



Point of Single Contact for Business
www.pscsrpska.vladars.net

Web portal of the Government of the Republic of Srpska Invest Srpska, primarily intended for the present and potential foreign investors provides all necessary information to foreign investors concerning investment opportunities, legal regulations, institutions available to investors, as well as any other relevant information.



www.investsrpska.net

REGION OF THE FUTURE

According to the fDI Intelligence / Financial Times rankings, the Republic of Srpska has been selected as one of 10 small regions of the future for 2018/2019, for the foreign investment strategy.



STIMULATIVE INVESTMENT POLICY

FAVORABLE TREATMENT OF FOREIGN INVESTORS

Foreign investors enjoy national treatment in Republic of Srpska. Their rights are guaranteed by the Constitution. Among other things, this implies free profit transfer abroad, relief from payment of customs duties on import of fixed assets and new investment tax relief, incentives for new employment, new technologies and salary increases free employment in accordance with the law and the right to acquire property. MIGA and 42 agreements on investment promotion and protection represent a reliable risk protection system for foreign investors. Also, Foreign Investments Council of the Republic of Srpska is established as institutional support in order to encourage foreign investment.

INCENTIVES

Incentives for investments are provided at the republic and local level.

The Law on Incentives in Economy of the Republic of Srpska provides incentive funds for the development of economy: incentives for increasing the salaries of employees in business entities and incentives for direct investments.

The Programme for supporting employment in economy offers incentives for investors through paying the amount of payed taxes and contributions implemented through the Republic of Srpska Employment Bureau. All employers who have recruited workers in the past year will have the opportunity for the refund of taxes and contributions. The public call for this programme is announced for each year individually and is available on the portal of the Republic of Srpska Employment Bureau - www.zzzrs.net.

The Republic of Srpska Investment-Development Bank (IRBRS) at the end of 2019 introduced a new line of credit enabling the companies that plan to introduce new technologies into their production process to have favorable loans at an interest rate below 3%, with repayment period of 12 years and grace preiod of 24 month.

Law on Corporate Income Tax of the Republic of Srpska stipulates that companies that invest in equipment and facilities for conducting registered production activities in the territory of the Republic of Srpska are entitled to the tax base reduction for the value of the investment made.

The Law on Income Tax, foresees certain advantages, i.e. privileges for the annual income for a qualified investor.

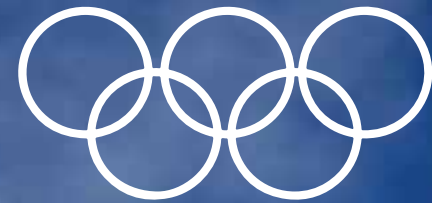
The Ministry of Agriculture, Forestry and Water Management grants cash incentives for agricultural and rural development. Each year the Ministry adopts a Rulebook on Requirements and Manner to Obtain Cash Incentives for Agricultural and Rural Development.

LOCAL INCENTIVES

At the local level, there are various forms of incentives concering both local fees and services.



Jahorina



Winter beauty Jahorina, where the unforgettable
XIV Winter Olympics took place in 1984.



Mehmed Pasha Sokolovic Bridge, completed in 1577,
UNESCO World Heritage Site



Višegrad

TOP FIVE INDUSTRIES

1 ICT

ICT industry, with young, well educated professionals and an expanding network of companies and resources, is one of the most promising industries in Srpska and an industry which is a strategic priority for the Republic of Srpska Government. The ICT sector also offers great outsourcing potential.

- Young & well educated workforce (70% of workers are under 35)
- Foreign market recognition through partnerships with international, industry-leading companies
- A new Ministry responsible for the information society was formed in 2018

70%
OF WORKERS

UNDER
35

2 METAL AND ELECTRICAL INDUSTRY

The metal and electrical industry is an expanding sector and the sector that is home to the Republic's biggest exporters which are constantly working on modernizing the technological process making them reliable partners to world famous brands. Together with available brownfield locations, local partnerships and sources of raw materials, this sector offers amazing investment possibilities.

- Long tradition in production
- Cooperation with famous brands (Mercedes, BMW, Volvo, Bosch)
- Good base of partners and suppliers – The largest Republic of Srpska exporters are companies operating in the metal sector (29% of total RS exports are from this branch, 24% of total workers in the processing industry are in this branch)
- Availability of mineral and raw material potential (brown coal, lignite, iron ..)
- The geographical location enables delivery within 24 hours to any location in Europe
- Workforce (78% of students attend secondary vocational and technical schools)





- Product quality and safety guaranteed by company organization certificates as well as product certificates
- Significant brownfield capacities throughout the Republic of Srpska that can be put into operation

3 WOOD PROCESSING INDUSTRY

Republic of Srpska has a 150-year-long tradition of wood processing. Its absolute forest cover (50%) and total growing stock in net increment are reflected in its significant ranking in Europe.

- 60% of all products are exported to the highly demanding international market
- The industry with the highest foreign trade surplus in processing
- Cooperation with famous brands (IKEA)
- Substantial investment potential in the production capacities regarding the intermediate goods and finished products

4 FOOD PROCESSING INDUSTRY

In Republic of Srpska there is approximately one hectare of agricultural land per capita, well above the global average (0.24 ha per capita) and European average (0.40 ha per capita). Another advantage is reflected in an unpolluted land, abundance of clean water as well as good conditions for irrigation.

- Incentives from the budget and EU funds in prospect
- Increasing growth of companies with quality systems in place: ISO 9001: 2000 and HACCP quality systems
- Quality raw materials for the food industry (fruits, vegetables, milk, meat, cereals), and the ability to invest and cooperate with domestic companies or available unused brownfield capacities
- Rich biodiversity of medicinal and aromatic plants (more than 400 species of medicinal and aromatic plants grow in RS)
- Geothermal sources on 50% of agricultural land which is significant for investments in greenhouse and hothouse production

5 TOURISM

Srpska is a republic of nature, adventure, rich cultural heritage, famous gastronomy and great possibilities for a healthcare tourism.

- Continuous increase in the number of arrivals and overnight stays (In 2019, the number of tourist arrivals increased by 4.8%, while the number of tourist overnight stays increased by 5% compared to 2018)
- Natural potential (The Olympic mountain Jahorina – Olympic Games 1984, Tara - the second deepest canyon after Colorado, Perucica – a rainforest in Europe, ... three national parks...)
- The favorable geographic location and the transitivity make it easy to link the site with other interesting tourist areas (Dubrovnik and Trebinje 30 km away)
- Cost-effective, affordable and quality health services as potential for health tourism development
- An unexplored and open market, especially for adventure tourism (tourist growth is recorded every year)
- More than 200 registered thermal, thermo-mineral and low radioactive springs of healing waters as spa tourism potential



Christ the Savior
Cathedral Church



Banja Luka Fortress Kastel

BUSINESS ZONES

In Republic of Srpska, there are several operational business zones that offer benefits in addition to the necessary infrastructure, such as significantly cheaper land prices and reduced investment costs overall, easier communication with banks and collateral acceptability for loans, as well as the availability of various services in the zones. More information about the business zones and their locations can be found at the following link <http://www.rars-msp.org/lat/poslovne-zone/c70>

COMPANIES WITH FOREIGN INVESTORS

Republic of Srpska – a small republic chosen by big companies and international investors, who have made local factories their home and local workers their trusted partners.

Stefan Lazarević, NCR

Being a global company, and one that provides services to millions of devices that drive the connected economy, it is critical to provide 24/7 accessibility and the highest service levels to customers around the globe. We are convinced that having operations in Banja Luka will extend our capabilities. We are drawn to Banja Luka for the talented workforce with both technical and multilingual skills, which is critical as these operations will serve a large, global footprint.



QUALITY OF LIFE

The Republic of Srpska offers a broad spectrum of interesting destinations, which deserve attention.

When visiting the Republic of Srpska, do not forget to see the winter beauty Jahorina, where the unforgettable XIV Winter Olympics took place in 1984, and which has developed into a modern ski center.

For those who prefer rivers, there are the Vrbas and the Tara, which, besides their natural beauty, host everyone who enjoys rafting (World Rafting Championship 2009).

Admirers of cultural and historical heritage will also find some interesting locations. One of them is the famous bridge on the Drina river in Višegrad, built in the period from 1571 to 1577, which has been inscribed in the UNESCO World Heritage List.

Banja Luka, the largest city of the Republic of Srpska, its administrative, business and university centre, due to its parks and numerous alleys, is proudly called “City of Greenery”.

Trebinje, a popular tourist destination is only 30 km from the Adriatic Sea.





Trebinje



Sutjeska National Park