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The City of Bihać is situated at the north-western area of Bosnia and Herzegovina, at the border of the Republic of Croatia, thus bordering with the European Union; it is located between the mountains of Plješevica and Grmeč. The City of Bihać is connected with the entire region, through the main road traffic line M5, which is an integral part of the European road E 761; the road M5 starts at the border crossing Izačić, then it passes through the Bihać town and after Bihać, through the other roads, the main road M5, leads towards the East.
The City of Bihać is an economic, administrative and cultural center of the Una-Sana Canton. The total surface of the town is 900 km² and by its surface, the City of Bihać belongs to the bigger cities of Bosnia and Herzegovina, with total number of 56,261 inhabitants.

The area belonging to the City of Bihać, is bordering with the municipalities of Cazin, Bosanska Krupa, Bosanski Petrovac and Drvar, and from the side of the Republic of Croatia, the bordering municipalities are: Donji Lapac, Korenica and Slunj, with total number of 172,084 inhabitants, while the total number of population of the area of Una-Sana Canton is 273,261.

Distance between the City of Bihać and the town of Sarajevo - the capital city of Bosnia and Herzegovina, is 310 km and the City of Bihać is connected by the main road network with the area of central Bosnia. The cities of Banja Luka (149 km), Prijedor (102 km), Karlovac (100 km) and Zagreb (154 km), are among the major urban centers in close vicinity to the City of Bihać.

Distance between the City of Bihać and the Slovenian border is 112 km, to the Austrian border 270 km, and to the Hungarian border 242 km, and modern highways and fast main motorways, are connecting City of Bihać with these countries.

Bihać City is also connected by the railway traffic, not only with the other parts of B&H and northern part of the Republic of Croatia, but also with the central part of Dalmatian coast and the sea harbours of Split and Rijeka in the Republic of Croatia, at the Adriatic Sea.

In case you would like to use the air traffic, in order to come to Bihać, you can use the closest international airports: Zagreb (2 hours drive), Zadar (2 hours drive), Sarajevo (4 hours drive) and Split (4 hours drive).
The City of Bihać with 56,261 inhabitants, being the administrative center of Una-Sana Canton, with total number of around 273,261 inhabitants, represents the region with good access to the labour market, concerning highly educated, skilled, qualified and trained workers, especially taking into consideration the relative proximity of big urban centers, such as: the City of Banja Luka, having around 185,000 inhabitants, the City of Prijedor with approximately 89,400 inhabitants, Zagreb (Republic of Croatia, with aprox. 1,000,000 inhabitants) and Karlovac (Republic of Croatia with approx. 60,000 inhabitants).

The City of Bihać itself, represents one of the well developed university centers within Bosnia and Herzegovina. The students have the possibility to enroll either full-time or part-time studies, at the following faculties: Technical faculty (electrical engineering, civil engineering, wood-processing engineering,
mechanical engineering and textile engineering), Faculty of Economics, Law School, Bio-technical faculty (agricultural, food processing and forestry courses), Pedagogical faculty (course of English and German language and literature, Mathematics and Physics, Pre-school education, Classroom Teaching and Physical Exercise courses), Health College (sanitary engineering and Nursing course) and Islamic-Pedagogical Faculty (course of Islamic religion, course of social pedagogy and spiritual care).

Within the secondary education level, the programs of 3 to 4 years of teaching, are being performed, for the following vocations: general gymnasium education, technical and vocational education, medical education and art education. It would be important to mention that due to the Cantonal Law on education of adults, the programs of additional qualifications, or retraining aiming at change of present qualification, are being performed in Una-Sana Canton, thus enabling an increase in labour competitiveness at the labour market.

The age structure of Bihać City population is extremely favourable. Contrary to the age structure of EU countries population and population of neighbouring countries, the aging tendency of the population at the area of City of Bihać, has not been observed. Namely, 15.7% of the total number of inhabitants, refers to the persons younger than 14, while the contribution of elderly population i.e. those older than 65, is only around 12.7% of the total number. Accordingly, in future period, the City of Bihać would not face the problem of labour shortage, caused by aging of the population.

According to the evidence of the Public Institution “Employment Institute”-Cantonal department of Una-Sana Canton, there are 9,094 registered unemployed persons at the area of City of Bihać; the major part of this number (around 28.6%), refers to the unqualified labour force, the qualified workers do represent 26.8%, secondary education workers do represent 28.6% of the total number. Persons holding 4 years’ university degree
represent 8.5% of total number of unemployed persons and persons holding 2 years’ university degree, make 1.9% of total number, and it concerns the following professions: economists, lawyers, graduate engineers of agriculture, graduate engineers of food processing technology and the professors in different courses.

<table>
<thead>
<tr>
<th>Territory</th>
<th>Under 14 years</th>
<th>15 - 65 years</th>
<th>Over 65 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bihać</td>
<td>15.7%</td>
<td>71.6%</td>
<td>12.7%</td>
</tr>
<tr>
<td>Average Croatia Hrvatska</td>
<td>15.2%</td>
<td>67.1%</td>
<td>17.7%</td>
</tr>
<tr>
<td>Average BiH</td>
<td>15.4%</td>
<td>70.4%</td>
<td>14.2%</td>
</tr>
<tr>
<td>Average Serbia Srbija</td>
<td>14.3%</td>
<td>67.9%</td>
<td>17.8%</td>
</tr>
<tr>
<td>Average EU 15</td>
<td>15.4%</td>
<td>66.7%</td>
<td>17.9%</td>
</tr>
<tr>
<td>Average EU 28</td>
<td>15.6%</td>
<td>66.6%</td>
<td>17.8%</td>
</tr>
</tbody>
</table>

*Drawing 3. Population age structure*

In September 2017, there were around 12,035 of employed persons at the area of City of Bihać, and the average net salary amounted to 487 EURO, while the average gross salary was 734 EURO. Both net and gross salaries in Bihać are slightly above the B&H average, however when compared with the average salary in the neighboring Republic of Croatia and EU average, the net and gross salaries in Bihać City, are far below these averages. In reality, Bihać City has very well educated, qualified and cheap labour force.

<table>
<thead>
<tr>
<th>Territory</th>
<th>Net Wages (EUR)</th>
<th>Gross Wages (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bihać</td>
<td>487</td>
<td>734</td>
</tr>
<tr>
<td>Average - Republic of Croatia</td>
<td>813</td>
<td>1069</td>
</tr>
<tr>
<td>Average B&amp;H</td>
<td>432</td>
<td>670</td>
</tr>
<tr>
<td>Average Republic of Serbia</td>
<td>406</td>
<td>560</td>
</tr>
</tbody>
</table>

Agriculture and food processing industry
- being developed on safe resources basis

Out of total surface of agricultural land in the Una-Sana Canton, the City of Bihać is in possession of 18.4%. According to the cadastral data, the City of Bihać has 35,809.1 hectares of agricultural land. It is composed of: arable land with 13,441.5 ha, meadows with 10,175.4 ha, grasslands with 11,654.4 ha and orchards with 537.8 ha. At the area of City of Bihać, the major part of total land surface, refers to the land of IVth class of quality, then the other quality classes are represented as follows: III, V, II, VI, VII, I and at the end, it comes the VIII quality class land. The Law on agricultural land regulates the use of agricultural land, and based on this Law, the City Council adopts the Program of agricultural land governance, referring to the state owned land

*Drawing 5. Soya bean production*
at the area of City of Bihać. At the end of 2016, including the previous years’ contracts, there were in total 612.4 hectares of agricultural land that is being leased.

Since the year 2008, in accordance with the Law on agriculture of B&H Federation and the Rule-book on entries into the Register of individual farmers and Register on clients, there were in total 1,598 farms, but 397 of them are considered to be active.

The production of cereals and fodder, is being organized on family farms and it mostly refers to the production for own needs. The production of cereals on family farms is represented by the traditional ones (corn, wheat, barley, rye, and oats). During the last couple of years, there was a harvest of soya bean and buckwheat, at larger surfaces of agricultural land, and their achieved yield, proves that the adequate usage of agro technical measures and well organized re-purchase, are the preconditions for greater profit, in these areas. In order to use the genetic potential of individual crops, it would be necessary to introduce the additional agro technical measures in the agricultural production, aiming at increase in quality and yield per unit.

Production of vegetables is organized as open air production and the production in protected areas (greenhouses or hothouses). The best areas for an open air production of vegetables, are located in the Una valley and at the sites which are suitable for irrigation. Those farmers who apply good irrigation conditions, use the good kind of seeds, who apply intensive agro-techniques and do the concentration of the land surfaces and who have specialised themselves in production of 2 to 3 kind of vegetables, assuming convenient agro-ecological conditions, could be in position to expect good results in this branch of agriculture. The great number of family households, is dealing with this branch of agriculture, and very often, it represents their secondary business activity. At the area of City of Bihać, there is an Association of green house producers, established long time ago, with 123
registered farmers. The surface of protected area is about 3.5 hectares of agricultural land (3 ha of greenhouse and 0.5 ha of hothouse), and this is the largest surface, compared with the other municipalities of Una-Sana Canton. The vegetables which are being produced in protected areas, are mostly tomato and pepper, and during the winter, the lettuce, spinach and green onions, are being produced. We have a company registered and specialized for production of certified vegetable seedlings, with total market production of about 33,440 pieces of certified seedlings (pepper-22,056, tomato-12,250 and cucumber-1,960). The farmers who are using the certified vegetable seedlings (pepper and tomato) and who are applying the intensive agrotechnical measures during the production, which means irrigation, additional feeding, and protection, are achieving the yield of 8 kg/m².

Livestock production makes 70% of agricultural production, and the most important livestock production branch is cattle breeding, oriented towards the milk production. Besides the cattle breeding, there is also sheep and goat breeding, beekeeping, river fishing and poultry, while the breeding pigs and horses, is much less represented- only for the individual households needs. The most significant products of cattle breeding are milk and meat and the importance of cattle breeding has been emphasized, especially in relation to the husbandry, due to their complementarities. The cattle consumes a lot of husbandry products and in our conditions, it could be said that the cattle breeding is instigating the husbandry activities, at the same time.

In the year 2017, in total 1,833,230 litres of cow milk has been repurchased, and about 95% of total quantity was repurchased by dairy Meggle, while the rest of 5% was repurchased by dairies MI 99 (Zott see) and Dasmil Ltd. There are 119 agricultural cooperatives at the area of City of Bihać, who distribute and deliver on daily basis, the fresh cow milk to dairies through 42 repurchase stations (milk cooling tanks). In 2017, the certified
veterinary stations have issued 933 pieces of so called “milk card” and this is an indicator of number of cows whose milk is being distributed to the dairies.

Drawing 6. Wheat production  
Drawing 7. Cattle breeding

Beekeeping – it is among rare agricultural branches that are recording the constant production growth. There are two registered bee keepers associations with around two hundreds of members and more than 8,115 bee communities/apiaries. The average annual honey production is around 85 tons.

Fishing – in 2017, the fish production amounted to 599.5 tons and the production of fish spawn of grayling and trout was 1,658,655 pieces, and since the year 2000, when the production was 50 tons, the inclining tendency has been observed. This is a production according to HACCP system norms and standards for breeding, preparation and delivery of fish, and 80% of total fish production is destined for export, and 20% for local market.
At the hatchery Klokot, an increase in fish spawn production, is being planned in future, up to 10,000,000 pieces a year, and also an increase in fish production is being planned, through the construction of new fish pond with capacity of 1,200 tons at the location Račić.

Forestry and wood processing – a potential for final and branded production

Around 56% of the total surface of City of Bihać, belongs to the forest land; 119.20 hectares has been separated from the category of forest land and transformed into the category of forest for specific purposes, destined for tourism, recreation and leisure.

Forest resources of high quality belonging to the City of Bihać, together with wood processing industry, due to its competitive advantages, do represent a huge investment opportunity, aiming at implementation of successful and profitable projects.

In wood processing sector, there are several successful companies („Laser“, „Bor“, „Sani Global“, „Freeli gradnja“, „Tehnocen“), which possess certain scope of final high quality products made of wood. There is an investment opportunity in wood processing industry, especially when it concerns the production of final branded products etc., taking into consideration an abundance of resources in Una-Sana Canton.
Natural beauties and tourism – complex tourist megaprojects as a basis of future development

Bihać is a city with great opportunities for development of tourism. Given the resources which attract the tourists to this part of Bosnia and Herzegovina, these are specific forms of tourism, which are primarily based on natural resources, as follows: sports tourism, hunting and fishing tourism (fly fishing), health tourism, ecotourism, rural and cultural tourism, but lately the shopping tourism appeared, as well.

The City of Bihać has a long history (the city was founded 758 years ago) and the river Una as one of the most beautiful rivers in the region, is flowing through the town center; at one part of its course, the river makes a natural border between the Republic of Croatia and B&H; therefore, the town becomes even more attractive to the tourists who are longing for amazing natural landscapes of wilderness.

The river Una abounds in river rapids, cascades and waterfalls, and the biggest waterfall with 24 meters of height -called Štrbački buk, is a geomorphologic monument of nature. Uniqueness of the river Una is also presented by sedimentary rocks which were formed by sedimentation of micro crystals of calcium carbonate (CaCO3) and the sand, to the moss enabling better adherence of the crystals and creation of sedimentary barriers, thus making the very special biotope; this habitat is being differentiated from all other freshwater habitats.
After the proclamation of the National park „Una“, on 29th of May 2008, the new dimension has been given to the protection of the upper part of the river Una course and to the development of tourism in the City of Bihać.

The area of NP „UNA“ is located at the far west of BiH, belonging to the territory of City of Bihać and to the Una-Korana Plateau. This area represents the unique natural unit in this part of Europe, valuable for preserving the landscape and biological diversity.

The surface of 13,500 hectares of the National Park “Una“, is under the regime of strict and directional protection, while the surface of 6,300 hectares, is under the regime of directional development.

The City of Bihać also abounds in old castles and fortresses: Sokolac, Orašac, and Ostrovica, which were very important in
ancient times during the defence of middle-age towns. National monuments in the City of Bihać, are extremely important structures, due to their cultural, historical, religious or ethnic status and due to the period when they were constructed; these monuments are: Mosque Fethija, Kloster building, Tower of the church st. Ante Padovanski, castle Ostrovica, middle-age town Sokolac, ruins of the old town and the fortress in Ripač, pile dwelling settlement in Ripač etc.

Indisputable natural beauties, geographic position, the role of City of Bihać as transitional area with turbulent history, everywhere witnessing the merger of the East and the West, are the main features of economic competitiveness of City of Bihać, but it is also a precondition for development of tourism, which is considered to be one of the most prosperous economic branches.

In the City of Bihać there are hotels, motels and apartments, with total accommodation capacities of 340 rooms (with 656 beds), and with the other kinds of accommodation units (with 484 beds), resorts, resting areas and rural households, camps, camping areas and other accommodation facilities.

The City of Bihać is strategically determined to develop and improve the tourist offer and to create the complete tourist product, together with the Tourist Community of City of Bihać, which is promoting the tourist offer, initiating the tourist events, and all other activities, which could contribute to the improvement of tourist service and increase in number of tourists in the City of Bihać.
The state of Bosnia and Herzegovina is composed of the two entities: Federation of BiH and Republic of Srpska, and one district-Brčko District.

The Federation of BiH is composed of 10 federal units – cantons. The City of Bihać is located in a federal unit number 1 – Una-Sana Canton.

Una-Sana Canton is composed of 8 municipalities/towns, and the City of Bihać is the capital city and administrative residence of the Canton.

The laws of the B&H state, laws of Federation of B&H, laws of Una-Sana Canton, and City ordinances, are applicable at the territory of Una-Sana Canton.

Some of these laws and regulations are enabling, in some segments, certain competitive advantages to Bosnia and Herzegovina, in comparison with the neighbouring countries.

**Taxes – stimulating rates**

Bosnia and Herzegovina is one of the countries with the lowest VAT rate in the region (along with Montenegro), but at the same time, B&H has relatively low profit tax rate (for legal entities), where only Macedonia and Montenegro are having lower profit tax rate, than B&H.
VAT is paid on turnover of goods and services, realized at the territory of Bosnia and Herzegovina, by the tax payer, within the scope of legal entity dealings, upon issued invoice and it is also paid on import of goods and services into B&H. Standard unique VAT rate applied on taxable part of turnover of goods and services and on import of goods and services, is 17 %.

Income tax is paid by both residents and non-residents, who have revenues derived from either independent or dependent activity performed at the territory of Federation of B&H, at the rate of 10%. The revenues based on participation in distribution of the company profit, are not considered as income, in the sense of this law.

Tax payers of company profit tax are: the company, bank or other financial organization, insurance and re-insurance companies, cooperatives and cooperative organizations, and the institution which earns profit, through selling the goods and services at the market. Profit tax rate is 10 % on established tax basis in the tax statement.

Profit tax payment exemptions are the following:

- the tax payer whose export contributes with more than 30 % to the total revenues, in the year which is a referent year for establishing of the profit tax value.

- the tax payer who do the investment in production, during five consecutive years, in value of not less than 20 million BAM, at the territory of Federation of B&H, starting with the first investment year, in the amount of not less than 4 million BAM.

- the tax payer who employs more than 50 % of invalids or other disabled people, for more than one year, referring to the year in which more than 50 % of these persons have been employed.
the tax payer – business unit of non-resident, which was founded, or having the residence or business management and supervision, outside of Federation of BiH territory, and who is exempted from profit tax payment in Bosnia and Herzegovina, for the profit earned in the territory of Federation of Bosnia and Herzegovina.

<table>
<thead>
<tr>
<th>States</th>
<th>VAT rate in %</th>
<th>Profit tax rate in% - legal entities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bosnia and Herzegovina</td>
<td>17</td>
<td>10</td>
</tr>
<tr>
<td>Croatia</td>
<td>25</td>
<td>20</td>
</tr>
<tr>
<td>Serbia</td>
<td>20</td>
<td>15</td>
</tr>
<tr>
<td>Montenegro</td>
<td>19</td>
<td>9</td>
</tr>
<tr>
<td>Macedonia</td>
<td>18</td>
<td>10</td>
</tr>
<tr>
<td>Albania</td>
<td>20</td>
<td>10</td>
</tr>
<tr>
<td>Turkey</td>
<td>18</td>
<td>20</td>
</tr>
<tr>
<td>Slovenia</td>
<td>22</td>
<td>19</td>
</tr>
<tr>
<td>Hungary</td>
<td>27</td>
<td>16</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>20</td>
<td>10</td>
</tr>
<tr>
<td>Romania</td>
<td>24</td>
<td>16</td>
</tr>
</tbody>
</table>

_Drawing 13. Tax rates_

_Laws on foreign investments_

Bosnia and Herzegovina is in possession of well defined laws and by-laws, referring to start up and operation of the companies, and direct foreign investments are separately regulated. Basic legal acts regulating the issues of registration and operation of the companies and the foreign investments, are:

- Law on Direct Foreign Investments Policy in BiH (Official Gazette of BiH no. 17/98 and 13/03), regulates basic policies and principles of contribution of foreign investors to BiH economy.
Law on Foreign Investments (Official Gazette of Federation of BiH no. 61/01 and 50/03), regulates the rights, obligations and privileges of foreign investors, forms of foreign investments, approval procedure and foreign investments competent bodies in Federation of B&H.

Law on Foreign Trade Policy (Official Gazette of BiH, no. 7/98 and 35/04), regulates the basic elements of the goods and services export-import system and determines the conditions for execution of economic activities abroad and for execution of economic activities of physical entities and legal entities in BiH.

The regime of export and import of goods is free of any kind of restrictions or other measures having the same effect, but the prohibitions or restrictions of international trading, justified by public, ethics, public policy of public security, are not being excluded. The export and import would be performed under the same conditions, at the entire territory of BiH.

Decision on conditions for opening and operation of branches of foreign persons in Federation of BiH (Official Gazette of Federation of BiH no. 7/95)

Incentives – support system to the development of individual sectors

There are several funds destined for development of small and medium enterprises, in wide scope of activities, which are available to businessmen who are already active or intend to work at the area of City of Bihać. These funds are available through:

- City Administration Program (incentives to economy)
- Una-Sana Canton Government Support Program (agriculture, eco-fees, entrepreneur’s zones etc.)
- Program of Federal Ministry for development, entrepreneurship and crafts
- Program of Federal Ministry of Agriculture, Water Management and Forestry
- Program of Federal Ministry for refugees and displaced persons
- Program of Ministry for refugees and displaced persons of Republic of Srpska
- Employment Institute Program
- Agency for promotion of foreign investments-FIPA

In addition to these funds, the potential foreign investors, who are coming from the countries whose governments support investments and development of business in a third countries, could in return, obtain certain financial support, when investing in our country.
Business zone Kamenica I and the Business zone Ripač, are located at the area of City of Bihać.

**Business zone Kamenica I**

Business zone Kamenica I is located at the northwest side of urban area of City of Bihać, alongside the existing main road M 5, leading from Bihać to border crossing Izačić, thus, connecting City of Bihać, through the Republic of Croatia, with EU countries. The distance between the center of the town and this business zone, is approximately 4 km, and distance to the border crossing Izačić is 8 km.

According to the *Regulation Plan Kamenica* (Official Gazette of Bihać municipality no.03/03), the total surface of business zone is 392,000 m² and it is divided into 71 land plots, with individual surface from 2,090 to 7,800 m², destined for small and medium entrepreneurship, one land plot destined for the trade fair with surface of 35,810 m², motel area with surface of 10,380 m²,
management and administration area with 9,000 m² and info center with parking lot with 10,100 m². Ownership structure: 24 plots or cca 133,070 m² are owned by Bihać municipality with 1/1 share, 12 plots or around 45,180 m², are owned by Socialist Alliance, and 39 plots or cca 213,750 m², are owned by private persons.

The Business zone Kamenica I, has been established by the Decision of City of Bihać, the borders of the zone have been defined, management and maintenance procedure, as well ("Official Gazette of City of Bihać no. 6/17).

**Actual situation in the business zone:**

Spatial planning and project documentation, have been completed, the Zone is connected to the electric grid and the investment into the infrastructure is ongoing.

At the site of business zone Kamenica, 12 business buildings have been constructed, where 11 companies are operating. Within the regulation plan „Kamenica“, there are also 5 construction plots that have not yet been constructed, they are in the ownership of the City of Bihać and made available for the potential investors.
### Business zone Ripač

Business zone Ripač is located at the western access to the City of Bihać, alongside the main road M5, which connects the City of Bihać, from one side, with the rest of BiH country and from the other side, through the border crossing Izačić, with the European Union.

The Regulation plan „Business zone Ripač“ has been enacted, and the total surface of the zone is 20.7 hectares; out of this total surface, around 4.2 hectares are in the ownership of City of Bihać and this surface is divided into 15 plots.

There has been no significant investment, so far, into the business zone Ripač; sites are partially constructed, and at the broader area, there is a provision of electric power, water supply and telecommunication network. The plots which are located in the zone and in between the traffic lines, could be merged together, in accordance with the investors needs.

<table>
<thead>
<tr>
<th>Municipality</th>
<th>Business Zone</th>
<th>Area (ha)</th>
<th>Number of active companies in Zone</th>
<th>Constructed surface in total (m²)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bihać</td>
<td>Kamenica</td>
<td>39.2</td>
<td>12 (in 11 structures)</td>
<td>15.768</td>
</tr>
</tbody>
</table>

*Drawing 15. Business zone at the area of Bihać*
Drawing 16. Location package Ripač
Support system to the investors in the City of Bihać, facilitates the procedure of gathering the data and processing of information, thus the entire investment procedure is being accelerated, since the City administration is closely following and coordinating the requests of each individual investor.

Focal point for the contact with the potential investors, in the name of City of Bihać, is the Center for the support to the investors, which is being organized at the Department for local development management. The office provides the investors with all the necessary information about the requested documents, actual location packages, development plans for City of Bihać in forthcoming period, in terms of meeting the investment preconditions and creating the opportunities etc. The purpose of existence of this office is to provide the direct support to the investors, through assigning the tasks to the employees of City administration, who must be available to the investor, from all the aspects i.e. from finding the suitable location for eventual construction of the building, up to the submission of the request and finally, until the implementation of the idea itself. The employees of the office, coordinate the whole procedure with the other Departments and do inform the investor, accordingly.

In order to enable the transparency and to inform the potential investors, the data and information related to investment opportunities at the area of City of Bihać, are regularly updated at the official web site of City of Bihać (http://bihac.org)
Relatively low costs related to start up of the company:

<table>
<thead>
<tr>
<th>Name</th>
<th>EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Start up capital</td>
<td>500</td>
</tr>
<tr>
<td>Court fee for registration of company</td>
<td>108</td>
</tr>
<tr>
<td>Costs related to the announcement in official</td>
<td>75</td>
</tr>
<tr>
<td>Total</td>
<td>683</td>
</tr>
</tbody>
</table>

*Drawing 17. Costs of foundation of company*

Acceptable costs related to the preparation of industrial and production capacities construction

The amounts of remunerations and fees, to be paid until the issuance of use permit, needed for construction of business buildings in two business zones, are given bellow, as an example.
### Costs associated with the issuance of urban permit and preparatory activities

<table>
<thead>
<tr>
<th>Cost Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fee on urban permit request</td>
<td>33 EUR</td>
</tr>
<tr>
<td>Geodetic footage</td>
<td>external services</td>
</tr>
<tr>
<td>Preparation of preliminary Design</td>
<td>external services</td>
</tr>
<tr>
<td>Preparation of study for obtaining necessary permits</td>
<td>external services</td>
</tr>
<tr>
<td>Fee for landscaping</td>
<td>0.6058 x 45.0 = 27.5 EURO/m² of useful building surface (for finished and equipped locations)</td>
</tr>
<tr>
<td>Transformation of agricultural land into construction land</td>
<td>external services</td>
</tr>
</tbody>
</table>

### Costs associated with the issuance of construction permit and preparatory activities

<table>
<thead>
<tr>
<th>Cost Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction permit fee</td>
<td>5 - 75 EUR</td>
</tr>
<tr>
<td>Preparation of Main Design</td>
<td>external services</td>
</tr>
<tr>
<td>Geomechanical testing</td>
<td>external services</td>
</tr>
<tr>
<td>Fee based on natural suitability of construction land – rental</td>
<td>KAMENICA (VI zone): 4.5 EURO/m² of useful building surface</td>
</tr>
<tr>
<td></td>
<td>RIPAČ: 0 EURO</td>
</tr>
<tr>
<td>Fee for construction of shelter (not paid in case the shelter is in the building)</td>
<td>1% of investment value of building</td>
</tr>
<tr>
<td>Supervision over the construction</td>
<td>external services</td>
</tr>
</tbody>
</table>

### Costs associated with the issuance of use permit

<table>
<thead>
<tr>
<th>Cost Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use permit fee</td>
<td>5 - 75 EUR</td>
</tr>
<tr>
<td>Costs of Technical acceptance (According to the Price list on calculation and payment of technical acceptance certificate)</td>
<td>maximum of 15,000 EURO (0.5 - 0.45 - 0.35 % of investment value of building – as the investment value rises, the costs are being reduced)</td>
</tr>
</tbody>
</table>
Educated and skilled manpower and the labour prices are among the lowest ones in the region

The quality, skilfulness and price of highly educated and qualified experts, represent our advantage.

<table>
<thead>
<tr>
<th>Net Wages (EUR)</th>
<th>Gross Wages (EUR) (incl. paid contributions to the pension funds and health insurance)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1200</td>
<td>Bihać</td>
</tr>
<tr>
<td>1000</td>
<td>Republic of Croatia Average</td>
</tr>
<tr>
<td>800</td>
<td>BiH Average</td>
</tr>
<tr>
<td>600</td>
<td>Republic of Serbia Average</td>
</tr>
<tr>
<td>400</td>
<td></td>
</tr>
<tr>
<td>200</td>
<td></td>
</tr>
<tr>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>

Drawing 18. Net and gross salaries

Low taxes and significant incentives at all the governmental levels:

VAT tax rate of 17% and profit tax rate of 10%, do belong to the lowest tax rates in the region and Europe, which gives Bosnia and Herzegovina a great competitive advantage.

Tax allowances for direct foreign investments during the first years of company operation, do assume complete or partial exemption of profit tax payment.

System of reinvestment of profit, means that the profit is not subject to taxation and it is valid for all kinds of legal entities.
Incentives for economic development are being encouraged by the state of BiH, at all the levels; accordingly, the City of Bihać also regularly includes in its budget, the incentives destined for development of relevant economic sectors.

**The expenditure side of your business will not be overburdened by high prices of production material, energy products and communal services**

<table>
<thead>
<tr>
<th></th>
<th>Bihać BiH - F BiH</th>
<th>Mrkonjić Grad BiH - RS</th>
<th>Croatia (Karlovac)</th>
<th>Slovenia (Celje)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price of electric energy EURO/kWh (low tariff)</td>
<td>0.066-0.051</td>
<td>0.0342</td>
<td>0.0592</td>
<td>0.1969 (avg.)</td>
</tr>
<tr>
<td>Price of electric energy EURO/kWh (high tariff)</td>
<td>0.133-0.097</td>
<td>0.0686</td>
<td>0.1156</td>
<td>0.1969 (avg.)</td>
</tr>
<tr>
<td>Water prices</td>
<td>0.87</td>
<td>0.74 + 10 EUR/month</td>
<td>1.81</td>
<td>0.31 + 226 EUR/month</td>
</tr>
<tr>
<td>Sewerage prices EURO/m3</td>
<td>0.19</td>
<td>0.15</td>
<td>0.6966</td>
<td>0.1991 + 0.6464 + 193.13 EUR/month</td>
</tr>
<tr>
<td>Solid waste disposal</td>
<td>9.65m³</td>
<td>0.49</td>
<td>0.377</td>
<td></td>
</tr>
</tbody>
</table>

*Drawing 19. Prices of electric energy and communal services*
**Prices of business services are the best in the region and European Union**

Price of outsourced accounting services (accounting + tax consulting + semi-annual and annual financial statements), represents the additional advantages for the investors, since this price varies from 100 to 500 Euros per month, depending on the scope of activities and the size of the company.

**Bihać is already gaining the confidence of the important investors**

City of Bihać is actively involved in improvement of its competitiveness and through the huge development projects, the City is fulfilling the investment preconditions and creating better business environment. Some of these projects are:

- Una National park and development of the entrepreneurship in the National park “Una”
- Usage of renewable energy sources at the area of City of Bihać
- Tourist – sports airport “Golubić”
- Tourist - recreation - ski center “Duga Luka”
- Business zones of City of Bihać
- Tourist – rehabilitation center “Terme” Gata
- City transportation
- Production of energy based on biomass
- Project of “Old towns value recognition”
Adopted regulation plans and city planning projects, do encompass the locations which might be currently attractive to the local and foreign investors.

It concerns the following regulation plans and projects:

- Regulation plan „Business zone Ripač“ – provides the opportunity for construction of business and production facilities
- Regulation plan „Kamenica“ – provides the opportunity for construction of business and production facilities
- Regulation plan „Sports and recreation center Duga Luka“ – provides the opportunity for construction of sports and recreation center facilities, focusing on winter sports
- Regulation plans „Repušine“, „Prekounje“ and „Ceravci I“, and Urban planning project „Luke-center“ – do provide the opportunity for construction of business structures and the apartment buildings having business premises, within the narrow urban zone of the town.

Regulation plans and city planning projects being under construction, encompassing the locations which might be, at the moment, the most attractive to the local and foreign investors, are:

- Regulation plan „Ribić island“ – convenient for construction of sport and recreation facilities
- City planning project „Connection of part of narrow strict city center with the part of Maršala Tita square“ – opportunity for construction of business facilities, the apartment buildings
with business premises, public parking lots, in the very center of the city.

All the activities at the preparation of Investment Attraction Plan, have been realized within the Project of Governance Accountability – the second phase (GAP II). The GAP Project has been financed by USAID, SIDA and the Embassy of the Kingdom of Netherlands in Bosnia and Herzegovina.
INVEST IN BIHAĆ
BOSNIA AND HERCEGOVINA
YOUR NEXT LOCATION FOR STARTING A BUSINESS