



## Why to invest in Brčko?

✓ Favorable Position (border with the Republic of Croatia) - International first category border crossing and immediate proximity of the border with the Republic of Serbia - The international border crossing of Rača for the Republic of Serbia of the first category is about 60 km away from the Brčko District of BiH;

✓ Full competence over legislative, executive and judicial authorities;

✓ Well developed traffic and telecommunication infrastructure;

 "Luka Brčko"- the only BiH international inland port (connection with the ports of the Black Sea basin (Danube);

✓ Business park "Baza McGovern";

✓ Accessibility of locations in business zones suitable for investments;

 Strong industrial and manufactural tradition and favorable business environment;

✓ Qualified and motivated workforce and competitive labor costs;

✓ Fast and efficient administration that meets the needs of investors;

- ✓ Stable financial system;
- ✓ Attractive tax environment;

✓ Construction of highway Sarajevo - Tuzla -Brčko - Bijeljina - Beograd.





## General Information ...

- Area: 493,3 km2 (1% area BiH)
- Center: Brčko (57 settlements in total)
- Population: 82.684 (assessment 2020.)
- Climate: moderate continental
- Currency: BAM (1€ =1.95583 BAM)
- ▶ BDP per capita (BAM): 10.892 (2020.), € 5.569 (2020)
- **Budget** (BAM):
  - ► 296.104.676 (2020.)
  - ► 277.667.277 (2021.)
- Average salary (BAM): August 2021. • gross 1490 | net 965
- Profit tax: 10%
- VAT: 17%
- Number of employed: 17.885 (august 2021.)
- Available workforce:
  6.090 (novembar 2021)
- 6.206 business entitites (august 2021.)
  3.073 legal entities
  - ▶ 997 subsidiaries
  - ▶ 2.521 trades

- The Brčko District of BiH creates its own laws, has a legal, judicial and executive body (with the exception of tax and customs policies on state level);
- The existence of incentive measures for entrepreneurs (subsidizing one percent interest on commercial loans of BAM 1.200.000 per year, granting the guarantee through the Development Fund (BAM 1.300.000 portfolio);
- The existence of incentive measures for agricultural production (the Law on incentives in agricultural production) https://bit.ly/2Na5QLZ
- Taxes in the Brčko District of BiH are stimulated in relation to the rest of BiH and the region - through the incentive law, income tax is returned to new investments;
- Significant natural resources for primary agricultural production (71.52% of the land is high quality agricultural land);
- Significant natural resources for the production of construction materials;
- The existence of an active employment policy program such as a self-employment program, senior employment programs, transformation programs, and by the requirements of the economy and public sector funding;
- Existence of general retraining programs, as well as targeted programs based on the needs of business entities.

## List of Banks Operating in the Brčko District of BiH

SPARKASSE BANKA D.D. Sarajevo | BOSNA BANK INTERNATIONAL D.D. Sarajevo | ZIRAAT BANK BiH D.D. Sarajevo | INTESA SANPAOLO BANKA BiH D.D. Sarajevo | KOMERCIJALNA BANKA A.D. Banja Luka | NLB BANKA A.D. Banja Luka | NLB BANKA D.D. Sarajevo | NOVA BANKA A.D. Banja Luka | PRIVREDNA BANKA D.D. Sarajevo | RAIFFEISEN BANKA D.D. Sarajevo | ADDIKO BANK A.D. Banja Luka | UNICREDIT BANK D.D. MOSTAR| SBERBANK BH D.D. Sarajevo | MF BANKA A.D. Banja Luka | NAŠA BANKA A.D. Bijeljina

## List of Insurance Companies in the Brčko District of BiH

WIENER Osiguranje D.D. SARAJEVO | DRINA Osiguranje A.D. Milići | CROATIA Osiguranje | GARANT Osiguranje | TRIGLAV Osiguranje D.D. SARAJEVO | UNIQA Osiguranje | BRČKO GAS Osiguranje | CAMELIJA Osiguranje | NEŠKOVIĆ Osiguranje | SARAJEVO Osiguranje | MIKROFIN Osiguranje.

## **Capital Market**

Regulation and supervision of the capital market in Bosnia and Herzegovina are within the competence of the Commission for Securities. The Commission is an independent legal entity which has public authority in accordance with the Law on Securities and is responsible to the Assembly of the Brčko District of BiH. The main objectives of the Commission are to promote and preserve the stability of the capital market and to supervise the legality of work of supervision bodies

In achieving its objectives, the Commission is guided by the principles of transparency, building trust among participants of capital markets and investor protection. The legal framework of the securities market of the Brčko District of BiH consists of the following legal acts: Law on Securities https://bit.ly/2Ql8Ale ("Official Gazette of the Brčko District of Bosnia and Herzegovina", No: 15/03, 27/04, 42/04, 28/07,14/12,20/17,8/19 and 10/19); Law on Takeover of Stock Companies https://bit.ly/2P01ubK ("Official Gazette of the Brčko District of Bosnia and Herzegovina, no.31/05,33/12 and 34/12) and Law on Investment Funds https://bit.ly/2OrFcTe ("Official Gazette of the Brčko District of Bosnia and Herzegovina ", no. 15/03,30/07 and 18/17). Contact:

Esed Kadrić | Mayor of Brčko District of BiH +387 49 490 013 | gradonacelnik@bdcentral.net Pero Gudeljević | Chief of Department for Economic Development, Sport and Culture +387 49 217 993 | pero.gudeljevic@bdcentral.net Subdepartment for Economic Development: +387 49 240 678 | investinbrcko@bdcentral.net www.bdcentral.net

## Aimed Sectors for Investment

- ► Agriculture;
- Food industry, food production;
- Lightweight metal processing industry;
- Wood processing industry, wood products, furniture;
- Energy-efficient products (pellets, biomasses ...);
- ► Trade;
- Transport and Logistics;
- Textile and footwear, fashion design and haberdashery;
- Construction sector and building materials sector (products, elements, installations, energy efficient materials and engineering services);
- Specialized technical services.

"Thanks to good governance, smart growth and a strong commitment to an equal opportunities' society, Brčko District of BiH reaches and enjoys a reputation as a community that attracts young people, with a globally competitive economy, high quality human and social capital, prestigious quality of life within Bosnia and Herzegovina and an environment that is preserved for generations to come."

- a long-term vision of the development of Brčko district BiH







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## INCENTIVES, DEDUCTIONS AND WORKFORCE

## **Tax deductions**

**Investments in fixed assets** – For a taxpayer who invests in land, buildings, plants, equipment and vehicles in order to carry out the registered activity in the District, the tax base is reduced by the amount of investments made in that year, providing that the reduction of the tax base cannot exceed 50% of the taxable base.

The tax base for manufacturing companies is reduced by the total amount of realized investments.

**For permanent employment** – For taxpayers who hire new workers for an indefinite period of time during the tax year, the tax base is reduced by the amount of gross wages paid to newly hired workers.

Tax exemption on the basis of portion of export income in the total profit - When a taxpayer, in the year for which the profit tax is assessed, generates from export certain percentage of total profit, then the taxpayer is exempted from paying double amount profit tax, proportionate to the portion of revenue from exports in the total realized profit.

**Entitlement to accelerated depreciation -** For machines that are subject to depreciation, the taxpayer is allowed to use accelerated depreciation calculation.

## **Financial Deductions**

#### Development-Guarantee Fund of the Brčko District of BiH (DGFBD of BiH)

The Development-Guarantee Fund of the Brčko District of BiH was established in 2003 with a total portfolio of BAM 1.300.000.

Guarantees are granted to small and medium sized enterprises (MSEs) and individual farmers. Loans have maximum guarantee set at BAM 50.000 (50%), repayment period is 60 months

## **Subsidizing Interest Rates**

Through the DGFBD of BiH the program of subsidizing a part of the interest rate on loans to companies and entrepreneurs in the Brčko District of BiH is carried out. In the Budget of the Brčko District of BiH BAM 1.800.000 are allocated annually for these purposes.

## Subsidizing for New Employments

The employer is granted: BAM 5.000 for each new employment of persons with high school education and lower qualifications;

BAM 7.000 for each new employment of persons with college eduction and University degree.



- Price of industrial land
  - ► Business park "Baza McGovern": **5 €/m2**
- Settlement fee for construction land: Not paid in Brčko District of BiH
- Location Rent: Not paid in Brčko District of BiH
- Price of water:
  - ▶ 1,09 €/m³ (urban area-businesses)
  - ▶ 0,61 €/m³ (suburbia businesses)
- Price of electricity:
  average ► 0,08 €/kWx (businesses)
- Garbage collection: 0,15 €/m<sup>2</sup> 0,35 €/m<sup>2</sup>
- Commercial rent of business premises:
  - initial bid price
    - I a zone **7,67 €/m**²
    - I b zone **5,11 €/m**<sup>2</sup>
    - I c zone 4,10 €/m<sup>2</sup>
    - Il zone **3,58 €/m**<sup>2</sup>
    - III zone 2,56 €/m²
    - IV zone **1,53 €/m**<sup>2</sup>
    - V zone **1,02 €/m**²
    - Suburbia: 1,02 €/m<sup>2</sup>
- Building land (cost) :
  - ▶ average price in planned industrial zones 5 €/m<sup>2</sup>

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- The available workforce , november 2021. approximately 6.090
  - ► Of which 3.558 are women
  - ▶ the **1.638** young people up to age of 30
- Structure of Available Workforce:
  - University deegree:: **728**
  - College education: 34
  - Secondary education: 2.059
  - Highly Qualified and Qualified Workers: 1.883
  - Semi-Qualified Workers: 77
  - Unskilled workers: 1.309







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# ECONOMY PROFILE

### **Competitive Advantages**

The special position of the Brčko District of BiH, within the administrative structure of BiH and the combination of the local position of the local community, as well as the position of the district within BiH, gives special priority to this unit of local self-government where it has full jurisdiction over the legislative, executive and judicial bodies, and has full freedom to legislate acts and regulations on all issues important for economic development, but also in other areas of life other than customs policy and VAT.

About 83,000 people live in Brčko area with a total area of 493 km2 and 6.206 companies (september 2021) are registered, of which 3.073 legal entities, 612 branches and 2.521 trades.

In the Brčko District of BiH, one of the dominant manufacturing sectors is the food industry employing 3.503 people. Import coverage by exports is 54,5% (september 2021).

## **Main Markets and Export Trends**

Total exports amounted to BAM 257.641.000 (about €131.729.800) to about 100 different countries (2020).

Five leading export markets: Turkey, Croatia, Germany Serbia and Austria.

Most exports are related to Turkey – 94 million KM (37%), to Croatia exported 36 million KM (14%), to Germany exported 25 million (10%), to Serbia exported 24 million (9%), 14 million (6%) were exported to Austria.

Exports are dominated by animal and vegetable oils, fats and waxes(about BAM 110mil.), food and live animals (about BAM 48 mil.) as well as various industrial products(about BAM 29 mil.).

## **Priority Industrial Sectors**



## Food Industry

- Bimal, Studen Agrana, Bosnaplod, Voćar, Briž, Žitopromet, Biljana, Elektromlin Stokić, Mlin Vujičići;
- Products: edible oil, protein sauce, sugar, jams, juices, dried fruits, flips, chips, cereal processing.
  - Number of companies > 191
  - ▶ Number of employees ► 693
  - ► Export ► 147.393
  - ▶ Share in total exports of the economy ▶ 60,49%
  - Number of countries exporting to > 20

## Wood Industry

- Malagić, Oglavina, Master Wood Simić, Duka Bosna
- Products: high quality furniture made of solid wood, plated and upholstery, interiors, joinery.

	Wood Production▼	Furniture Production▼
Number of companies	59	44
Number of employees	118	579
Export	21.473	15.201
Share in total exports of the economy	8,81%	6,23%
Number of countries exporting to	1	8

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## Significant investments in the last three years

#### Market Center "BELAMIONIX

Investment amount: BAM 16 mil. Number of new jobs: 110 directly + 149 indirectly

#### **"BRČKO GAS"**

car service with paint shop, insurance and technical inspection of vehicles Investment amount: BAM 9,5 mil.

Number of new jobs: 46

#### Manufacture of PVC Joinery "FAMM" Investment amount: BAM 6 mil. Number\_of new jobs: 243











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## **Competitive advantages**

- Agricultural land consists of 35.282 ha, or 71.52% (high fertility land, located mostly along the shore of the Sava River;
- High potential for directing primary agricultural production to processing capacities, especially in industrial crops of sunflower, soy, rape seed;
- Available raw material base;
- Qualified and well-trained staff, and the possibility of scientific-research and technical cooperation with Universities;
- Opportunity for production of inovative products;
- Developed export market.

### **Sector Chart**

Over 190 companies in the sector employs more than 690 people, accounting for 7% of total employees, or 26% of the number of employees in the manufacturing industry.

The share of the food sector in Brčko's total exports is 61%, and in total revenue 1,49% (gross value of production). Exports account for 0.25% of total sector revenue (export / BVP).

Employment in the sector is growing at an average of 3,61% on the annual level for the observed period from 2014 - 2018.

## The most significant investments and companies in the sector

- "STUDEN AGRANA" d.d. a sugar refinery plant with a capacity of about 180.000 tons of sugar per year;
- "Bimal" d.d. a production plant for edible oil and protein sprouts, a capacity of 120.000 tons of current seed processing, 60.000 tons of refined oil.
- "Bosnaplod" d.o.o. production and processing of fruits (jams, juices, dried fruit, 100% plum paste, frozen fruit pasta of different varieties, deep frozen fruit) on a daily basis produces 15 t of jams, 68.000 l of juices, 80 t of deep frozen finished products, 12 t deep frozen pasta and 12 t dried fruit. "Bosnaplod" has its own plantations of fruit on 140 hectares.
- The most important companies involved in the processing of cereals can be mentioned: "Klas" doo, "Voćar" doo. "Biljana" d.d., "Elektromlin Stokic" doo, "Mlin Vujičići" doo.
- "Voćar" doo, makes processing of significant quantities of potatoes and produces flips and chips in different variations.
- "Briž "doo, production of pudding, rolls and creams;
- The Food Industry segment in the Brčko District of BiH is also processing medicinal herbs.



## **Agriculture and Animal Husbandry**

The moderate continental climate is suitable for agriculture and animal husbandry. In the Brčko District of BiH 34,000 hectares of land are under corn, wheat, rapeseed, soy and other crops. The land is suitable for growing many types of fruit. Animal production, such as cattle, pigs and poultry fattening, is well developed and it enables growth of the meat processing industry.

#### **Story of Success**

Oil Factory "Bimal" d.d. with the most significant capacities of the food industry in the region, is the most successful company in the Brčko District of BiH. Initially, "Bimal" was planned as a soy processing plant, for which the project plan was made on the island of Vis in 1943. The start of construction in Brčko, then the only production plants for edible oil production in Bosnia and Herzegovina was in 1947, and since its inception in 1951-1992. Due to warfare the factory was closed for more than a decade. With the arrival of new investors in 2002, "Bimal" became the first privatized company in Brčko District. The company has infiltrated oilseed processing capacity from 26.000 tonnes per year to 120.000 tonnes of current seed processing. Also, oil refining capacities are increased from 12.000 to 60.000 tons.

The construction of the Agro-industrial complex in Brčko and the establishment of "Bimal Group" started in 2009 with the acquisition of "Žitopromet" Brčko. By expanding operations in Serbia in 2013. "Bimal group" Belgrade chooses to locate its main trading companies, "Bimal Trading", to trade raw vegetable oil, oilseeds and cereals, as well as the distribution of final products, "Bimal" dd on the Serbian market. In 2015, Bimal Agri was established in Bečej with the aim of storing oil and cereals, as well as for the organization of agricultural production and raw material trade in the region of Bimal Group. "Bimal Group" founded the company "Bimal Invest" headquartered in Belgrade.



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## **Key Products:**

- ▶ oil
- suga
- fruit production and precessing
- cereals processing
- chips and flips production
- confectionary products
- herbs processing

#### **Markets:**

- Turkey
- Southeast Europe
- ► Germany
- ► Italy

#### **Support Organizations:**

Brčko District Government www.bdcentral.net

Brčko District Chamber of Commerce www.brcko-pkomora.com

Brčko District Employers' Association of BiH www.upbd.org

Employment Service of the Brčko District of BiH www.zzzbrcko.org

Educational Institutions of the Brčko District of BiH **www.eubd.edu.ba** www.iu-bd.org www.cip.gov.ba www.eukallos.edu.ba www.efbrcko.ba

BiH Investment Promotion Agency -FIPA www.fipa.gov.ba







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## WOOD PROCESSING

## Wood Processing Sector

- Available raw materials;
- Qualified and well-trained staff and the possibility of scientific research and technical cooperation with Universities;
- Possibility of production of innovative products;
- Developed export market

## **Sector Chart**

More than 103 companies in the sector employ more than 697 people, accounting for 25.3% of the total number of employees in the manufacturing industry.

The share of wood processing in total exports of Brčko is 15.0%, and in the total manufacturing income 26,2% (gross value of production);

Exports account for 0.06% of total sector revenue (export / BVP);

## The most significant investments and companies in the sector are:

- "KARAHMETOVIĆ" d.o.o. Gornji Rahić,
- "ISOWOOD" d.o.o. final wood processing;
- "RATTAN SEDIA" d.o.o. Cerik bb, manufacture of furniture for business and sales premises;
- "MASTER-WOOD SIMIĆ" d.o.o. Brčko, manufacture of kitchen furniture;
- "OGLAVINA" d.o.o. Brčko; manufacture of other furniture;
- "MALAGIĆ & DIVANI" d.o.o. Brčko, manufacture of other furniture

#### **Story of Success**

Malagić Company was founded in 1990 as a small family company which, in the form of handicrafts, made the first models of seating sets. The company, in 2006, is building a modern business facility and opening a new production line in the Brčko District of BiH.

Today, Malagić company manufactures sets of high quality and modern designs that are recognized in the European market, according to international standards in various sizes and different combinations of materials (eco leather, European origin materials...) and colors fulfilling customers' wishes. Each collection is unique and interesting in its own special way and reveals a whole new look on design, style and color. Top quality materials and technology are applied in accordance with international standards.

The company employs more than 200 workers.







## MALAGIC FURNITURE FACTORY



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#### **Key Products:**

- ▶ furniture
- school furniture
- wall cladding
- kitchen cabinets
- parquets
- pellets

#### **Markets:**

- Southeast Europe
- Netherlands
- France
- Germany
- Slovenia
- Italy

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The Regional Plan of the Brčko District of BiH has defined 14 industrial zones, which provides good opportunities for the development of the economy, both for domestic and foreign investors.

#### 1. Zone "Baza Mc Govern"

In the zone there is a factory for furniture manufacture D.O.O. "Malagić" Brčko and two facilities where a business incubator is located, as well as five facilities that serve, currently, for the needs of PC "Komunalno" Brčko.

- P= 170Ha,
- planning documentation: urban plan of Brčko city, conceptual solution,
- traffic connected to the regional road Brčko - Cerik,
- Tangier planned bypass road.

#### 2. Zone "Brka - Gajine" is unbuilt site

- P = 71,00Ha,
- planning documentation: spatial plan of the Brčko district of BiH 2007 – 2017,
- traffic connected to the regional road Brčko - Cerik.

#### 3. Zone "Donji Rahić - Ulović"

- P = 88Ha,
- unbuilt site,
- planning documentation: spatial plan of the Brčko district of BiH 2007 – 2017,
- Tangier the railroad route.

#### 4. Zone "Brdo Šterac"

In the zone there are (along the road) several facilities of private legal entities that have different types of business activities. The predominant activity of these companies is production.

- P= 35,90Ha,
- partially built along the regional road,
- planning documentation: regulatory plan.
- traffic connected to the regional road Brčko - Cerik

#### 5. Zone "Bukvik - Jug 1"

- P = 126Ha,
- unbuilt site,
- Planning documentation: spatial plan of the Brčko district of BiH 2007 – 2017,
- traffic connected to the regional road Brčko - Cerik.

#### 6. Zone "Arizona"

- P= 36,5Ha,
- partially built site,
- planning documentation: spatial plan of the Brčko district of BiH 2007 – 2017,
- traffic connected to the highway.

#### 7. Zone "Boderište"

- P = 20,8Ha,
- unbuilt site,
- planning documentation: spatial plan of the Brčko district of BiH 2007 – 2017,
- traffic connected to the local road.

#### 8. Zone "Gredice - Kobilić"

- P = 36,5Ha,
- unbuilt site,
- planning documentation: spatial plan of the Brčko district of BiH 2007 – 2017,
- traffic connected to the local road (the planned highway goes through).

#### 9. Zone "Pirometal - Interplet"

- P = 49,15Ha (with built);
- P= 20,7Ha,
- partially built,
- planning documentation: srban plan of Brčko city,
- traffic connected to the Brčko Bijeljina highway.

#### 10. Zone "Krepšić"

- P= 11,5Ha,
- unbuilt site,
- planning documentation: spatial plan of the Brčko district of BiH 2007 – 2017,
- traffic connected to the local road

#### 11. Zone "Gredice - Gaj"

- P= 44,3Ha,
- unbuilt site,
- planning documentation: spatial plan of the Brčko district BiH 2007 – 2017,
- traffic connected to the Brčko -Bijeljina highway,
- Tangier planned bypass road.

#### 12. Zone "LUKA Brčko"

- P= 37Ha;
- partially built,
- planning documentation: spatial plan of the Brčko district BiH 2007 – 2017,
- traffic connected to the local road.

"Baza McGovern" Business Park is currently the most promising area with great development potential. The area was selected as one of the 10 most promising ones in BiH (EUSESBI) and has a feasibility study, analysiscost and benefits, conceptual solution and marketing plan created.

"Baza McGovern" Business Park is located near the entrance to the city of Brčko, three kilometers from the city center. It is also near the planned bypass road Orašje - Tuzla which will increase the traffic flow.

#### Contact:

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#### 13. Zone "Brezovo Polje"

- P= 33,5Ha,
- partially built site (destroyed buildings),
- planning documentation: spatial plan of the Brčko district BiH 2007 – 2017,
- traffic connected to the local road.

#### 14. Zone "Ražljevo"

- P= 31,3Ha; P=14,3Ha; P=13,6Ha,
- unbuilt site (3 locations),
- planning documentation: spatial plan of the Brčko district BiH 2007 – 2017,
- traffic connected to the local road.

#### Operating Costs in Numbers

Industrial land:		
Business park "Baza	► 5 €/m2	
McGovern"		
Medovern		
Settlement fee for		
construction land	▶ Not Paid	
Location Rent	▶ Not Paid	
Water (businesses)		
urban area	► 1,09 €/m³	
suburbia 🔅	: ▶ 0,61 €/m³	
Electricity	▶ 0,08 €/kWx	
(average; privreda)		
Garbage collection	0,15 €/m²	
Garbage concetion	0,35€/m²	
Commercial rent of		
business premises		
(initial bid price)		
l a zone	: ► 7,67 €/m²	
l b zone	▶ 5,11 €/m²	
l c zone	: ∕	
ll zone	► 3,58 €/m²	
III zone	► 2,56 €/m²	
IV zone	▶ 1,53 €/m²	
V zone	▶ 1,02 €/m²	
Suburbia	▶ 1,02 €/m²	
Building land		
(average cost price in	▶ 5 €/m²	
olanned industrial zones)		

