

AGRICULTURE AND FOOD PROCESSING INDUSTRY

Bosnia and Herzegovina
Investment Opportunities



August 2015

GENERAL INFORMATION ABOUT BOSNIA AND HERZEGOVINA

Official name	Bosnia and Herzegovina (BiH)
Geographic position	South-East Europe, borders with Croatia (932 km), Serbia (312 km), and Montenegro (215 km)
Area size, population	51,209 km ² / 3.8 million
Administrative structure	2 entities: Federation of BiH (FBiH) with 10 cantons; Republika Srpska (RS); Brčko District of BiH
Currency and exchange rate	Convertible Mark (BAM – official abbreviation; KM – in daily use); 1 EUR = KM 1.95 (fixed exchange rate)
Relief	Predominantly mountainous country with Dinaric mountains, the highest peak on the mountain of Maglić, at altitude of 2,387 m. In the north, the Sava River created a fertile valley which is the largest lowland vastness intersected by low mountains. The southern part has karst relief, with access to the Adriatic Sea in the southwest, with 23 km of coastline.
Climate	Mountain climate, moderately continental climate, and Mediterranean climate with strong annual variations of temperature and precipitation levels

USEFUL CONTACTS

Foreign Investment Promotion Agency of Bosnia and Herzegovina - FIPA

Foreign Investment Promotion Agency of Bosnia and Herzegovina (FIPA) is a State Agency that provides data, information, analysis and advice on the business and investment environment, particularly:

- **Legal framework for foreign direct investment**
- **Investment incentives**
- **Economic and business trends**
- **Investment projects in the development-phase or ready for implementation**
- **Companies in the process of privatization**
- **Local companies seeking foreign partners**

Moreover, FIPA works alongside the embassies and diplomatic missions of Bosnia and Herzegovina that can also help the potential foreign investor to explore investment opportunities in BiH.

FIPA assists potential investors and those that have already invested in the country through:

- **Effective networking with both the public and private sector**
- **Investor servicing and aftercare**
- **Linking with governmental and non-governmental institutions to facilitate investment and business development**
- **Cooperation with local, regional and international organisations to promote and enhance the investment environment**

FIPA's services are all free of charge.

Additional information on BiH macroeconomic indicators, business environment, investment project profiles, investment locations and FIPA staff contacts can be found at www.fipa.gov.ba

Ministries

- Ministry of Foreign Trade and Economic Relations of Bosnia and Herzegovina (MOFTER) www.mvteo.gov.ba
- Federal Ministry of Agriculture, Water Management and Forestry www.fmpvs.gov.ba
- Ministry of Agriculture, Forestry and Water Management of Republika Srpska www.vladars.net
- Veterinary Office of Bosnia and Herzegovina www.vet.gov.ba
- Ministry of Foreign Affairs of Bosnia and Herzegovina www.mfa.ba

Chambers

- Foreign Trade Chamber of Bosnia and Herzegovina www.komoraBiH.com
- Chamber of Economy of Federation of BiH www.kfBiH.com
- Chamber of Economy of Republika Srpska www.komorars.ba
- Ministry for Economic Relations and Regional Cooperation of Republika Srpska

BOSNIA AND HERZEGOVINA: NEW INVESTMENT DESTINATION IN AGRICULTURE AND FOOD PROCESSING

UNTAPPED RESOURCES AT COMPETITIVE COSTS

- Fruits and vegetables privileged growing conditions thanks to fertile and unpolluted soils, abundance of fresh water resources and favorable and varied climatic conditions remain an untapped resource at very competitive costs.
- BiH's varied topography and climate conditions allow for longer growing and harvesting seasons.
- The vast number of rivers and lakes offer great opportunities for fish farming.
- Excellent opportunities for the production of Halal meat and foods in general.
- Access to markets with more than 600 million consumers: EFTA and CEFTA member states, Turkey, and Preferential Trade Agreement with EU countries.
- Attractive location bordering the EU (Croatia), Serbia, Montenegro and the Adriatic Sea: an excellent platform to reach Central and Eastern Europe, the Middle East and West Asia.
- Maximum 1 to 2 day truck transport to most EU markets.
- Relatively small distance between major fruits and vegetable production areas within BiH - maximum 100 km.
- Excellent opportunity to cover the Balkan market demand as well as BiH, which imports over 75% of its food and agricultural product needs.
- Less than 10% of fruits and vegetables are processed in BiH, offering unique opportunities for investments in processing, cold storage and deep freeze capacities - these would lead to higher production.
- Opportunity for organic production for most of agricultural products.
- Favorable and safe environment for investment with a stable currency pegged to the Euro, low inflation, low VAT rate (17%) and CIT rate (10%); and competitive operating costs.

BOSNIA AND HERZEGOVINA: A NEW DISCOVERY FOR THE MOST DEMANDING MARKETS

While BiH's fertile soils, abundant fresh water resources and unpolluted land are the guarantee for the quality of all agricultural, aquaculture and livestock products of the country; fruit, vegetables, milk and dairy today are BiH's most direct competitive agribusiness segments.

Fruit and vegetables

- BiH is among leading world producers of raspberries (10th), plums (15th), and strawberries (35th) and produces significant quantities of high quality vegetables: potatoes, peppers, cabbage and cucumbers.
- Average market prices for raspberries and plums in BiH are the lowest among the top 10 producing countries.
- The country has a long tradition in agriculture which represents an excellent ground for applying new, modern production and processing technologies.
- Modern processing capacities are available for fruit & vegetable value added products.
- Current BiH fruit and vegetable production vastly exceeds existing cool storage and processing capacities, while demand is consistently growing and over 75% of food in the country is imported.
- Fruit & vegetable production in BiH is concentrated in the same areas - distance between major production areas is not more than 100 km.
- BiH's fruit & vegetables export figures remain below 10% of total production.

Milk and dairy products

- BiH milk average production is about 727 million liters/year, with only 7% of total fresh milk production exported. This represents a significant potential for expansion.
- 56% of the total agricultural land is meadows and pastures.
- Only 23% of total milk production is used in dairy industry.
- Average annual fresh milk export growth rate was 8% in the period 2008/2013.
- Opportunities exist in increasing yields which currently remain still low in comparison with the EU and region's average production on specialized farms.

INVESTMENT OPPORTUNITIES

- Enlarging production of fresh raspberries, plums, cherries, grapes, cabbage, cucumbers and young potato.
- Cold storage and deep freeze centers for various fruits and vegetables.
- Further development of the existing Agro Logistic Business Park.
- Processing centers for plums, peppers, cucumbers, and cabbages.
- Development of an Air Cargo Center in a site located in the most prominent agricultural area in BiH which has an existing suitable landing air cargo runway.
- Strong potential to aggregate smaller producers and collect larger quantities of high quality products for export.

FOREIGN DIRECT INVESTMENT IN BIH AGRICULTURE AND FOOD PROCESSING INDUSTRY

Foreign companies that already invested in BiH food processing industry

BiH COMPANY	SUBSECTOR	FOREIGN COMPANY
BIMAL, Brčko	Edible oil	SEED OIL.HOL. (Studen Group), Austria
SL TAKOVO d.o.o. Trebinje	Confectionery & fruit juices	SWISSLION-Takovo d.o.o., Serbia
BOSNAPLOD, Brčko	Fruit production & processing	MJM MNOŽINA, Slovenia
VOČAR, Brčko	Fruit production & processing	VOČAR, Slovenia
VITAMINKA, Banja Luka	Vegetables & fruits processing	KREISEN INDUSTRY, Switzerland
INMER d.o.o. & Lactalis BH d.o.o., Gradačac	Milk and milk products	LACTALIS, France
MEGGLE MLJEKARA, Bihać	Milk and milk products	MEGGLE Eastern Europe, Germany
MLIJEKO PRODUKT, Bosanska Dubica	Milk and milk products	Danube Foods Group, Salford Group, GB
ZOTT SEE d.o.o. Gradačac	Milk and milk products	ZOTT, Germany
PRERADA I PROMET MLIJEKA d.d. Tuzla	Milk and milk products	Ljubljanske mlekarne d.d., Slovenia
LEDO, Čitluk	Ice cream	LEDO, Croatia
NESTLE ICE CREAM, Bijeljina	Ice cream	NESTLE ICE CREAM, Serbia
BOS AGRO FOOD, Sarajevo	Fruit berries processing	Plle Svansson AB, Sweden
HiPP Bosnia & Herzegovina, Sarajevo	Organic baby food	Hipp GmbH, Germany
MIRA, Prijedor	Confectionery	KRAŠ, Croatia
ARGETA, Sarajevo	Spreads production	DROGA KOLINSKA, Slovenia
PERUTNINA BiH, Breza	Poultry production & processing	PERUTNINA Ptuj, Slovenia

Top 5 Foreign Investors in BiH's Agriculture & Food Processing sector

NO	BIH COMPANY	SUBSECTOR	FOREIGN COMPANY
1.	COCA COLA HBC-BH, Hadžići	Beverages	CC Beverages, Nederland
2.	PERUTNINA PTUJ, Breza	Chicken meat processing	Perutnina Ptuj, Slovenia
3.	VITAMINKA, Banja Luka	Vegetable processing	Kreisen Ind. Switzerland
4.	RAFINERIJA ŠEĆERA, Brčko	Sugar production	Studen-Agrana, Austria
5.	LEDO, Čitluk	Ice cream production	Ledo, Croatia

Source: Ministry of Foreign Trade and Economic Relations of BiH

WHAT DO INVESTORS SAY ABOUT BIH AGRI SECTOR

"Bosnia and Herzegovina is selected as the best location for construction of a sugar refinery that will greatly contribute to the strategic development of the food industry and the economy of this country. The sugar refinery will be a leader in Southeast Europe by production capacity, and will promote the economy of Bosnia and Herzegovina on its path to Europe."

Ilija Studen, President of the Board of Studen & CO Holding, Austria

"In cooperation with the Norwegian company "Geno" I made the decision to invest in BiH. The reason for the decision lies in the enormous opportunities that this country offers, especially when it comes to the agriculture. I would especially stress that skilled labor force, high level of unemployment and climatic conditions provide significant opportunity for the development of agriculture, and I think there lies the future of this country."

Jusuf Arifić, Director, Arifić Investment doo export-import Kozarac, Prijedor

"Slovenian investors are satisfied with the operations in Bosnia and Herzegovina and their goal is a long term presence and strengthening at the BiH market."

Samir Brodović, Director, ARGETA Sarajevo - Droga Kolinska, Slovenia

With 50 million liters of processed milk in the last year Meggle exceeded its production capacities. The company decided to extend capacities and build a new production facility, install new software and a new Tetra Pak machine, which will make Meggle the only company in this part of BiH with the newest technology for keeping dairy products.

"This year the total amount of investments is 11 million BAM and it shows our commitment to invest and modernize Meggle Dairy Company in Bihać. Upon completion of this investment the dairy production will be modernized and we will make a step forward in increasing the milk processing," said Director Hrnjić.

Kemal Hrnjić, Director of Meggle Dairies, Bihać

Company KREIS INDUSTRIEHADEL AG Basel from Switzerland has invested into two companies in Bosnia and Herzegovina, KREIS BH Ilidža and Vitaminka Banja Luka.

"Vitaminka Banja Luka currently employs 220 and our core activity is fruit and vegetable processing. This company is a positive example to the other foreign investors ready to invest their money in BiH. Vitaminka exports their products to the Region, EU countries, USA and Australia."

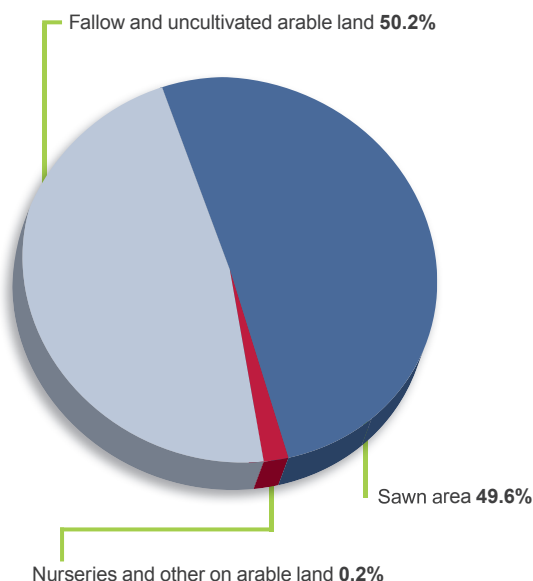
Dževad Šipka, Director of Kreis BH, Sarajevo

STRENGTH IN DIVERSITY OF NATURAL CONDITIONS & PRODUCTION FACTORS

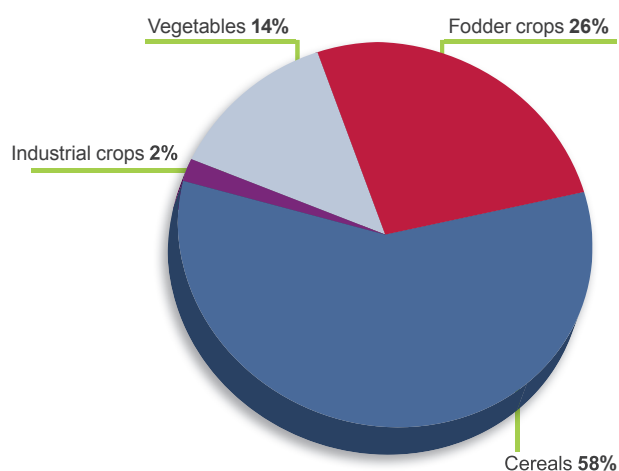
Land resources

- Agricultural land in BiH occupies 2,572 million hectares (25,720 km²), which is 50.3 %, from the total land area.
- Cultivated land is 1,585 million hectares (15,850 km²), which is 62% of agricultural land, while the arable land covers about 1 million hectares, of which about 47% is unused.
- The structure of sowing areas has not changed for longer period of time, it is dominated by cereals with a share of 58%, then 26% of fodder crops, 14% of vegetables and 2% of industrial plants.

Arable land in Bosnia and Herzegovina, 2014



Sawn arable land by types of crops in Bosnia and Herzegovina, 2014

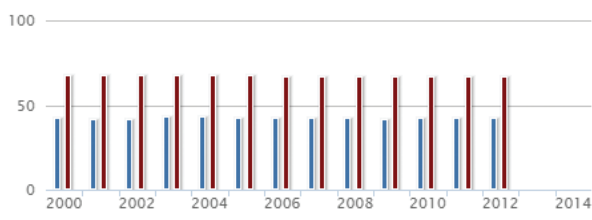


Arable land by the type of cultivation in 000 ha

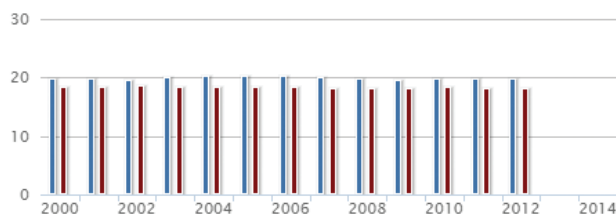
Year	Arable land	Total cultivated arable land	Cereals	Fodder Crops	Vegetables	Industrial crops	Other arable land	Fallow & uncultivated arable land
2014	1,011	503	290	129	73	9	2	508

Source: BiH Ministry of Foreign Trade and Economic Relations (MOFTER) and BiH Agency for Statistics

Agricultural land (% of land area)



Arable land (% of land area)



■ Europe & Central Asia (developing only) ■ Bosnia & Herzegovina

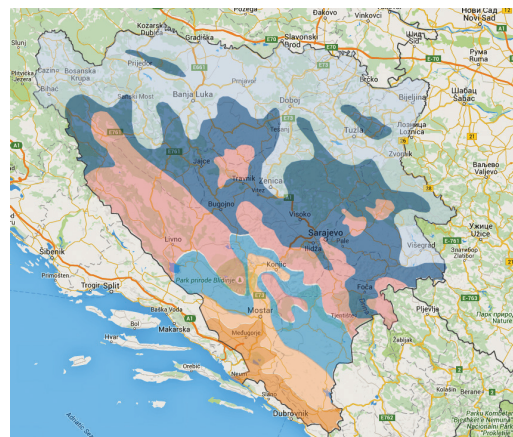
Source: http://sdwebx.worldbank.org/climateportal/index.cfm?page=country_impacts_agriculture&ThisRegion=Europe&ThisCcode=BiH

Climate

Bosnia and Herzegovina's climate is not dominated by a single type of weather. There are neither dry seasons nor harsh and long winters. The country can be divided into three climatic regions with more or less sharp boundaries or moderate transition zones:

- Northern region, has a temperate continental climate and average temperature in January from -0.2°C to 2.0°C , in July 20°C to 22°C .
- Hilly-mountains region, with variations of continental, high-mountainous and alpine climate, average temperatures in January from -0.3°C to -7.4°C , in July 10.2°C to 21.2°C .
- Southern region, with characteristics of Mediterranean climate, average temperatures in January being 2.3°C , in July 22.5°C to 25.7°C , and precipitation of about $2,000\text{ mm/m}^2$.

Climate Zones



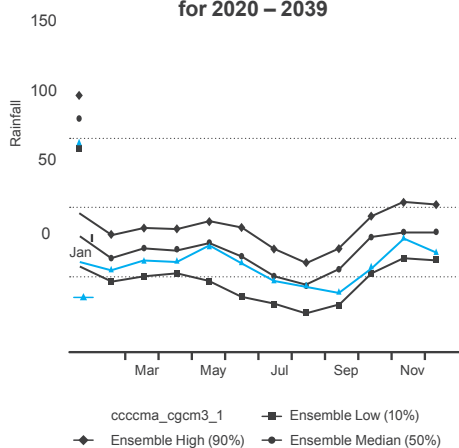
Source:

<http://map.fipa.gov.ba/apex/f?p=1601:2:4290295430869452>

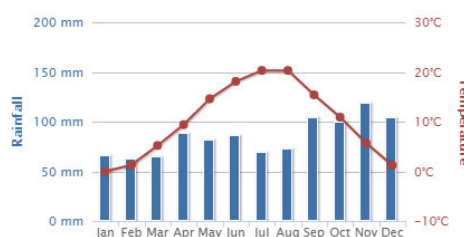
The climate is predominantly moderate continental, particularly characteristic for Central Bosnia and Herzegovina, while northern part of the country has predominantly continental climate.

South of the country has Sub-Mediterranean and Mediterranean climate, characterized by long summers and short, mild winters, with more than 200 sunny days and an average of $1,400\text{ mm/km}^2$ of precipitation per year.

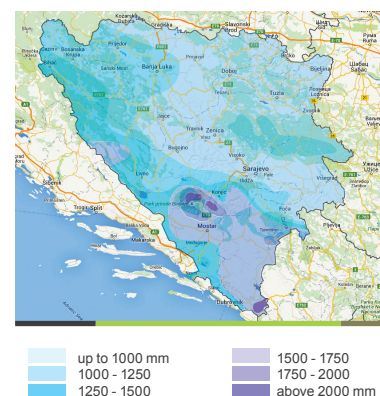
Projected rainfall in BiH for 2020 – 2039



Average monthly temperature and rainfall for BiH for 1990 – 2009



Average annual precipitation in BiH



Source:

http://sdwebx.worldbank.org/climateportal/index.cfm?page=country_future_climate&ThisRegion=Europe&ThisCcode=BiH

Source:

<http://map.fipa.gov.ba/apex/f?p=1601:2:3428907475021263>

The varying climatic conditions offer wide possibilities for land farming, agricultural production and cultivation of different crops: fruit, vegetables and vine growing, forage crops growing and livestock production.

VARIETY OF HIGH QUALITY PRODUCTS READY FOR EU AND WORLD MARKET COMPETITION

Fruits & Vegetables

The most convenient fruit-growing regions are the hilly and hilly-mountainous regions, also regions along the rivers (Sava, Bosna, Drina, Una, Neretva, and others), abundant in sunny sites with the right type of well-drained soil, and the Mediterranean region (Southern BiH).

Currently, there are an estimated 24 million trees of plums, pears, apples, cherries, peaches, walnuts and other fruit, and 13.5 million of grape vines for processing, sale at a local market, and export.

Due to favorable climatic and economic conditions for berry fruit production (raspberries, strawberries, blueberries, blackberries and chokeberry), the area of more than 2,500 ha planted with berries is increasing every year.



Source: <http://map.fipa.gov.ba/apex/f?p=1601:2:3428907475021263>

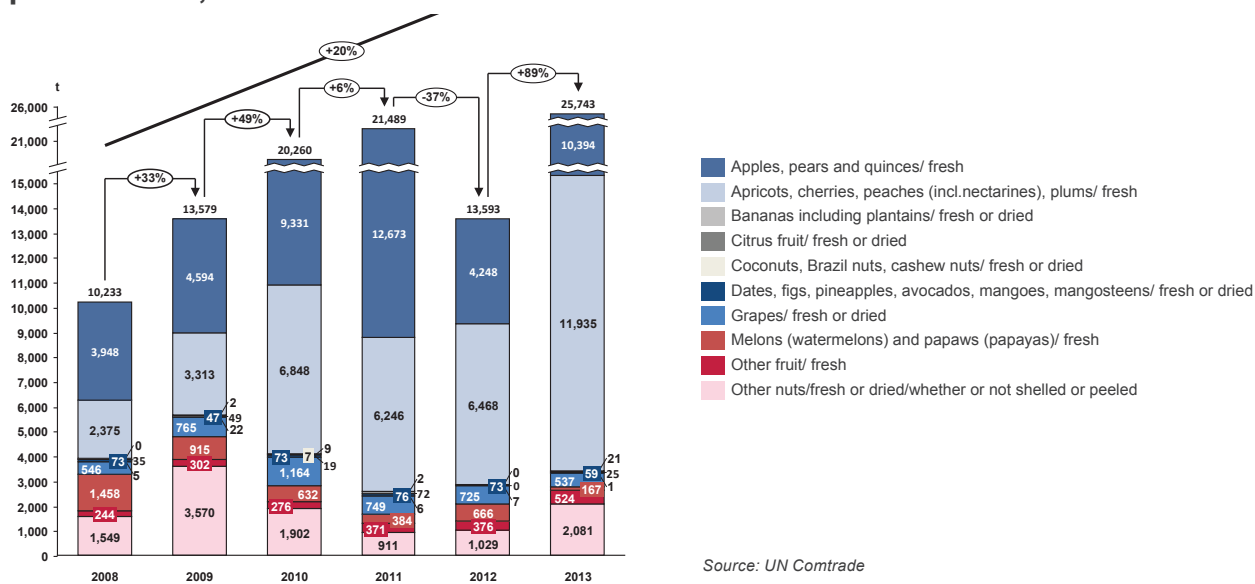
The increased interest in indoor vegetable production can be noticed all over the country, with production of a high quality potatoes and cabbage, as well as rye, barley, oat, fruit berries etc.

Around 1,800 ha of greenhouses area in BiH is located mainly in the South (Herzegovina region), Northwest (Una-Sana Canton) and Northeast of BiH. Protected area for growing vegetables and berries is increasing by about 20 ha every year.

Fruit & Vegetable Sector Performance Highlights

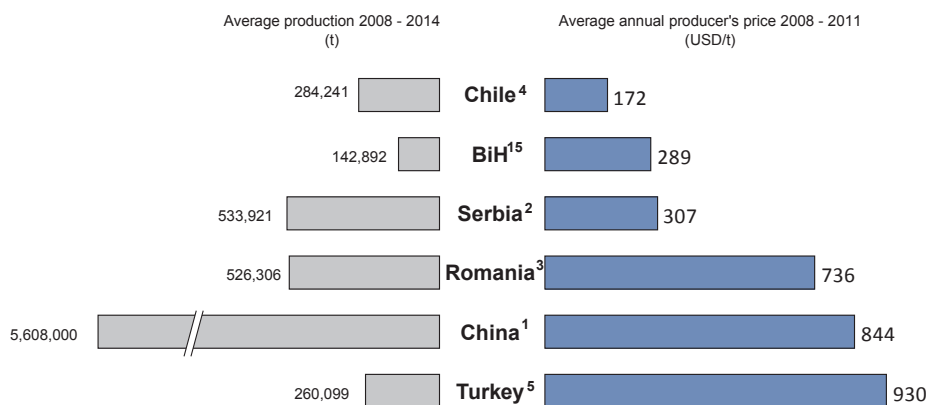
- Lowest production costs against world leading producers for raspberry, plum, cabbage, and among the lowest for green peppers and cucumbers.
- Fruit exports from BiH have nearly quadrupled since 2008 to 26.500 tons.
- BiH raspberries and plum exports increased on aggregate 32% and 42% respectively since 2008.
- Cabbage production increased by 20% and exports by 75% since 2010.
- BiH cucumbers and gherkins export potential of nearly 6,000 tons annually.
- BiH can export fruits & vegetables to EU freely.

Export of fresh, frozen and dried fruits



BiH export of fresh, frozen or dried fruit in the period 2008-2013

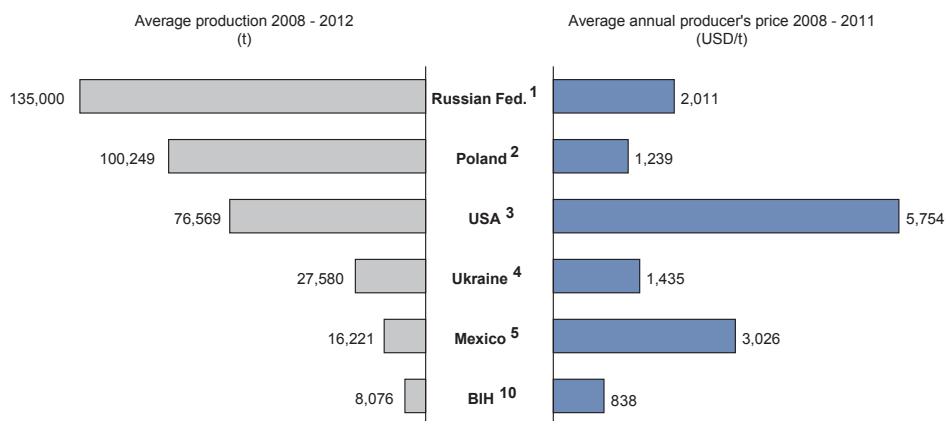
Plums and Raspberries: BiH among top world producers



BiH holds 15th plums production place in 2012, with average production yield of 142,892 t/year and producers price 289 USD/t

Source: FAOSTAT

Top world's plums producers

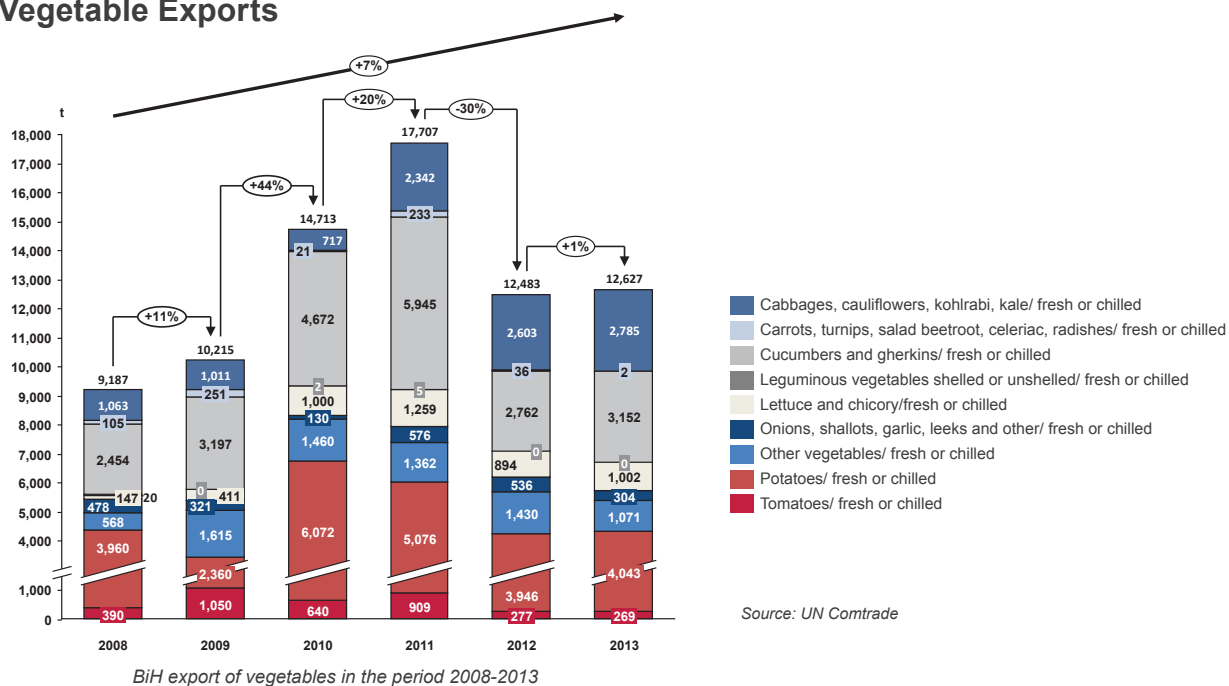


BiH holds 10th raspberries production place in 2012, with average production yield of 8,076 t/year and producers price 838 USD/t

Source: FAOSTAT

Top world's raspberries producers

Vegetable Exports



Source: UN Comtrade

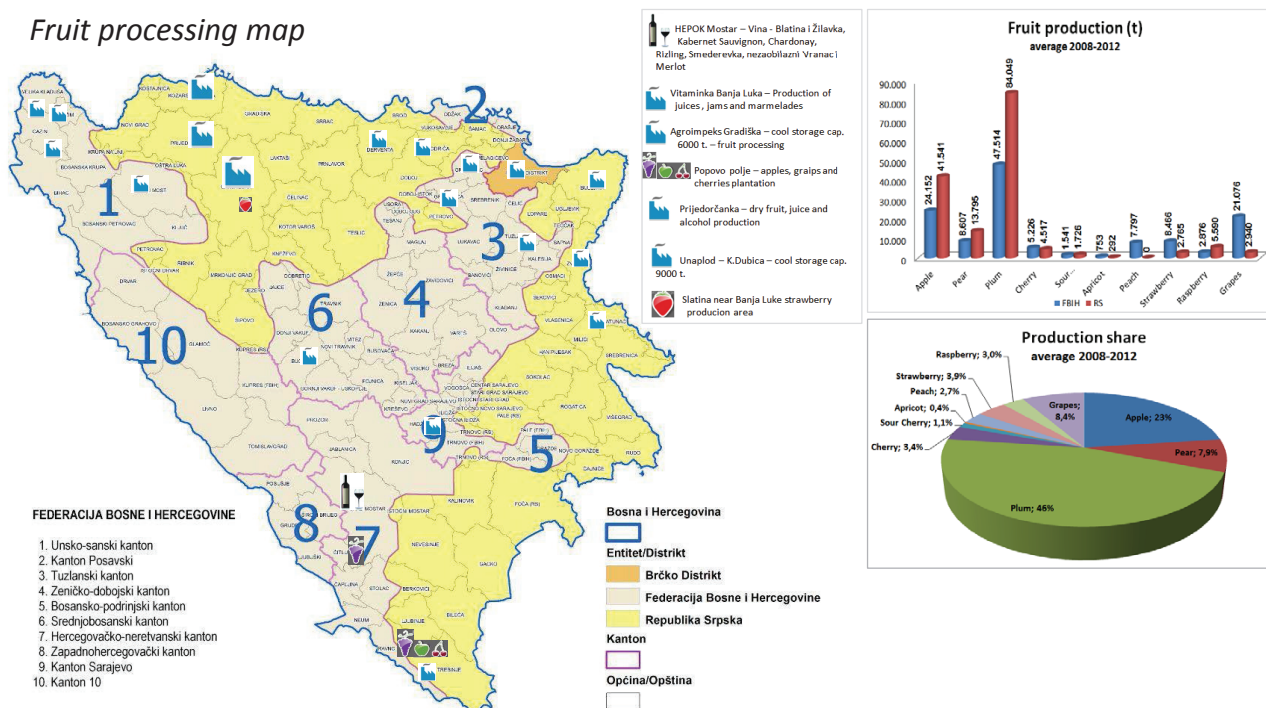
Fruit Processing

- Industrial processing of fruit in BiH involves mainly fruit drying and production of fruit juices (or concentrates), syrups, jams and marmalades.
- Harmonized System - 4 level analyses showed that some fruit categories (frozen fruits & nuts and jams, fruit jellies & marmalades) have above average advantage in EU and World markets.
- **About one third of fruit juices are imported, as a local production cannot meet the local demand.**
- There are approximately 20 fruit and vegetable processors in BiH.

COMPANY	PRODUCTS	CONTACTS
APIFRUCHT, Sanski Most	HQ apple, pear, quince and strawberry juices	www.apifrukt.ba
ECO-LINE d.o.o. Mostar	HQ production of fruit syrups from wild rosehip, sage and elderberry	www.ecoline.ba
EIN NATURAL d.o.o. Sarajevo	HQ natural juices without preservatives, sugar and water	www.sok.ba
HEKO d.o.o. / H&H Fruit, Bugojno	HQ planting and processing, storing and sale of berry fruits	www.heko.ba
ZZ INSIEME, Bratunac	HQ jams & juices from blueberry, raspberry, blackberry and forest fruits	www.coop-insieme.com
KUĆA PRIRODE d.o.o., Ilidža	HQ fruit juices without preservatives, sugar and water	www.kucapriode.ba
PRIJEDORČANKA AD, Prijedor	Concentrated fruit juices, aseptic puree, frozen and dried fruits	www.prijedorcanka.com
VITAMINKA, Banja Luka	Fruit juices, syrups, jams and marmalades	www.vitaminka-kreis.com

BiH fruit processing companies

Fruit processing map



Source: RS Institute of Statistics & FBiH Institute for Statistics

BiH fruit processing locations

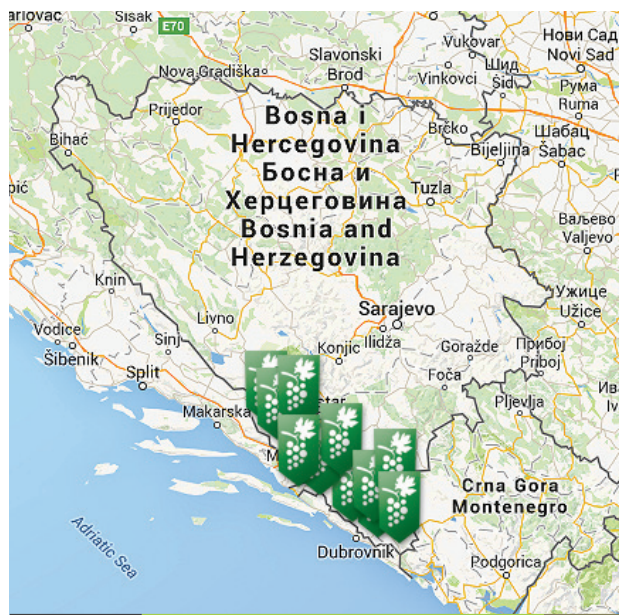
Wine

The culture of winegrowing and wine production in Bosnia and Herzegovina dates back to the period of the Illyrian and the Thracians, who introduced the grapevine seedlings to the Balkans.

Herzegovinian winemakers aspire to be recognized for **Žilavka** and **Blatina** as unique grape varieties in the world of wine and to present themselves to the world through the wine that captures the savor of the soil and the fervency of the Herzegovinian sun.

The BiH wine growing takes place in Herzegovina region near City of Mostar and area of Municipalities of Čitluk, Stolac, Ljubuški, Trebinje and Čapljina.

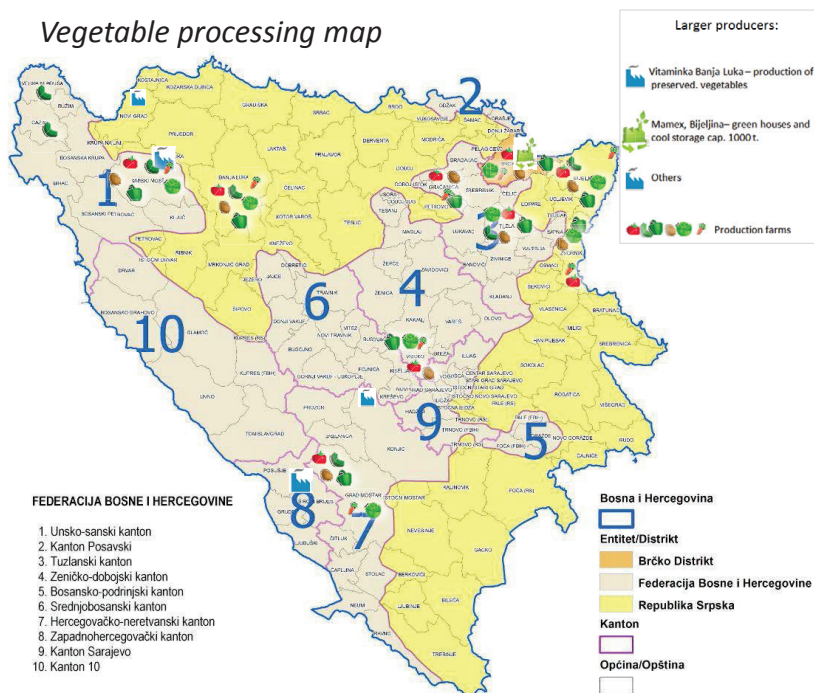
Wine producers from Bosnia and Herzegovina have won numerous awards from the most prestigious and acclaimed competitions in the wine industry.



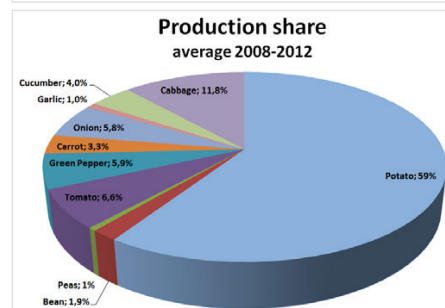
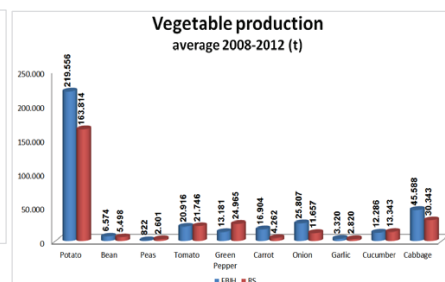
Bosnia and Herzegovina winegrowing areas

Vegetable Processing

Vegetable processing map



Source: RS Institute of Statistics & FBiH Institute for Statistics



BiH vegetable processing locations

INVESTMENT OPPORTUNITIES IN FRUIT & VEGETABLE VALUE CHAINS

Strong potential to aggregate smaller producers and collect larger quantities of high quality products for export

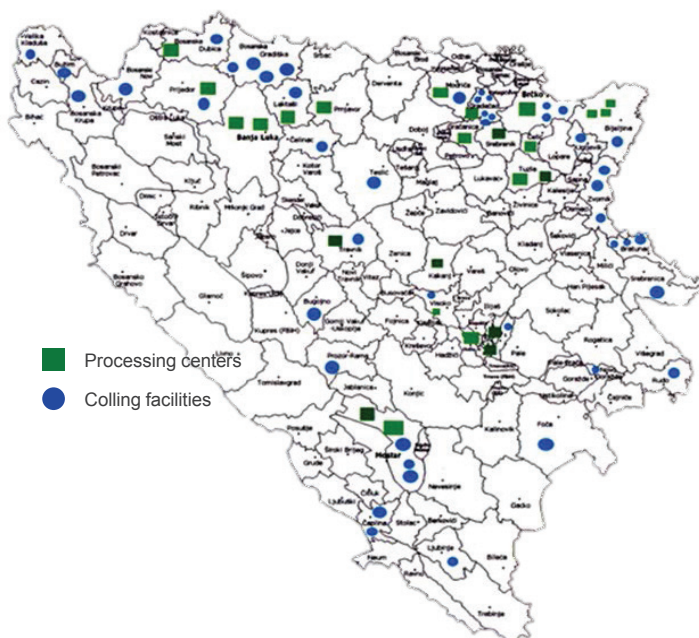
Cooling and processing - Capitalizing on BiH's high quality products

- Despite a considerable amount of cooling and processing centers in BiH, these remain small capacity limiting the country's production potential of various fruit and vegetables.
- Concentration of these centers is currently around the key production areas but many are limited to private owners' production needs.

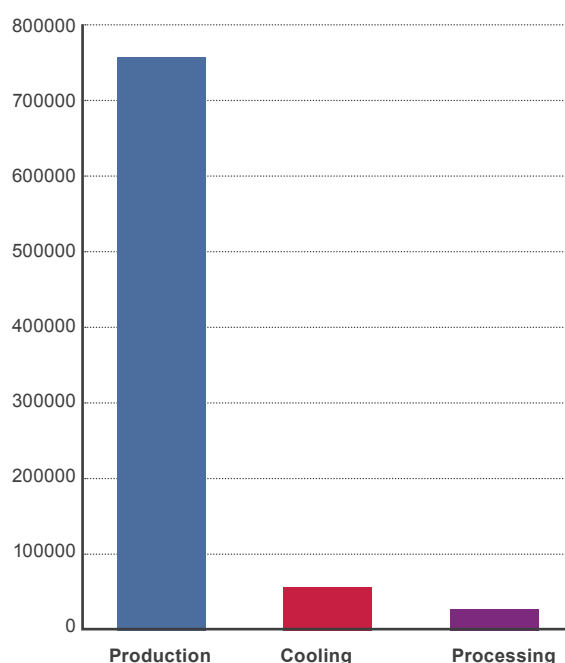
The graph below shows the huge disproportion between production of fruit and vegetable, and existing cooling and processing capacities.

Investments in cooling and processing capacities in BiH represent a significant opportunity for investors.

Cool storages & processing capacities for fruits & vegetables in BiH



Fruits & vegetable production vs. cooling & processing capacities (tons)



Milk

- Nowadays, dairy sector is recording achievements and development in most of the indicators; however, the yield is still low in comparison with the EU neighboring countries.
- BiH has 100 dairies with total production capacity of 2 million liters/day.
- Approximately 45 dairies exceed capacity of 1,000 liters/day and 10 dairies exceed capacity of 100,000 liters/day.
- In 2014 the total production of ewe's milk increased by 4.9% and goat's milk by 6.6% comparing with the same period in 2013.
- BiH is cleared to export milk to EU.

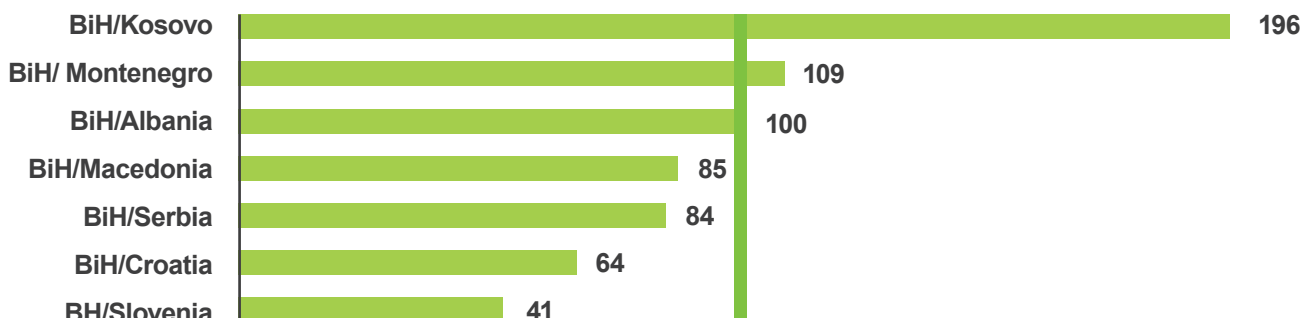
Milk production in BiH

Milk production	Unit	2009	2010	2011	2012	2013	2014
Cow's milk	000 litres	733,779	693,158	667,158	652,702	666,872	665,208
Ewe's milk	000 litres	17,854	18,300	17,610	15,736	15,561	16,328
Goat's milk	000 litres	7,714	8,145	7,337	6,942	7,004	7,469

Source: BiH Agency for Statistics

The dairies collect approximately one third of milk produced by local farmers, which is still low in comparison to other countries (for example in Slovenia approximately 80% of locally produced milk is delivered to the milk collection stations).

Cow milk yields (Indices for compared countries are 100)



Source: BiH Agency for Statistics, RS Institute of Statistics, statistics of World Bank and European Commission

COMPANY	CONTACTS
MLIJEKO PRODUCT, Kozarska Dubica	www.mlijekoprodukt.com
MEGGLE MLJEKARA, Bihać	www.meggle.ba
MILKOS, Sarajevo	www.milkos.ba
ZOTT See d.o.o. Gradačac	/
LACTALIS BiH, Gradačac	www.dukat.ba

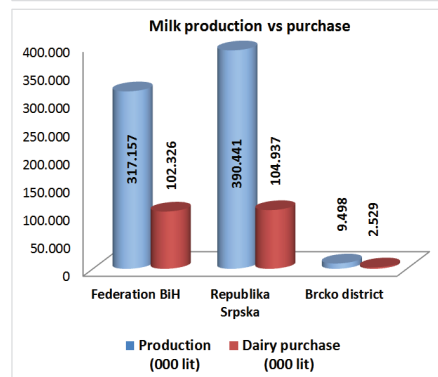
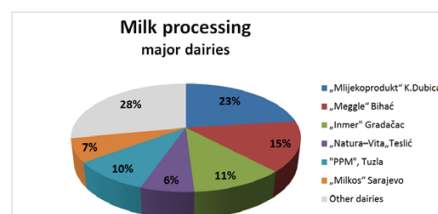
Market leaders in BiH in milk production and processing

The companies have HACCP and ISO, and some also Halal certificates.

Milk processing

The dairies produce mainly high-volume, fast-turnover, low margin products like fluid milk. Only a few dairies produce value-added products such as the aged cheese. As a result, most value-added milk products are imported from neighboring countries or the EU.

Milk processing map



Source: RS Institute of Statistics & FBiH Institute for Statistics

Milk processing locations in BiH

INVESTMENT OPPORTUNITIES IN DIARY VALUE CHAIN

- Bosnia and Herzegovina currently processes far less than one quarter of its total milk production and with demand for dairy products such as cheese, yoghurt and other milk probiotic products expected to rise by 20% over the next 5 years in the region, the country offers an excellent opportunity for added processing.

Companies such as Lactalis, Meggle, Danube Foods Group BV, DACHSER GmbH & Co. KG, Intereuropa (Hellman Logistics), HIPPO GmbH and Vitaminka (Kreis Industriehandel AG), have already taken advantage of Bosnia and Herzegovina's potential.

Field crops

Northern parts of the country and river valleys are particularly suitable for field crops production, including cereals, industrial crops, vegetables, feed crops etc. as well as for intensive commercial cattle rising for fattening, meat and dairy production.

The largest part of arable land is under cereals. Forage production holds second and vegetables third place. Roughly, forage is produced on 30% of arable area (clovers, alfalfa, grass-legume mixtures and maize for silage) and on 1,400,000 ha of permanent grasslands which are mostly in hilly and mountainous areas.

Surface, production and yield trends in crop production in BiH (2008-2014)

Harvested area (000 ha)	2008	2009	2010	2011	2012	2013	2014
Cereals	310	309	287	289	292	303	272
Oilseeds	5.4	5	5	5	5.2	5.3	5.2
Fodder Crops	139	128	125	132	130	126	125
Vegetables	73	72	71	72	72	72	68
Production (000 t)							
Cereals	1,375	1,391	1,105	1,118	870	1,224	1,080
Oilseeds	10.7	10.2	9.5	8.3	7.3	9.8	11
Fodder Crops	796	772	739	740	646	799	916
Vegetables	706	693	645	676	528	682	533

Source: FAOSTAT, BiH Agency for Statistics

Bakeries, flour mills and edible oil production

Market leaders (flour mills/bakeries) are KLAS and SPRIND, both belonging to MIMS Group from Sarajevo. Also, there are a number of small and medium sized companies.

BIMAL Brčko is BiH's sole edible oil producing company, with crushing, refining and bottling capacities.

Sugar factories, sugar production

Companies STUDEN and AGRANA from Austria, have built a sugar refinery in Brčko District of BiH, STUDEN-AGRANA RAFINERIJA ŠEĆERA.

After 18 years of stand still, the sugar plant of FABRIKA ŠEĆERA in Bijeljina started operating again in 2010. The plant daily processing capacity is 4,000 tons of sugar beet and production of 500 tons of sugar.

BiH still has some unused customs-free quota for export of sugar to EU.

Medicinal and Aromatic Plants, Honey, Mushrooms and Wild Forest Products

Bosnia and Herzegovina has long tradition in collecting and cultivating of:

- **Medicinal and aromatic herbs**
- **Wild berries**
- **Mushrooms**

A very rich biodiversity of medicinal and aromatic plants and mushrooms in Bosnia and Herzegovina has the potential to contribute substantially to the national economy.

- It is assessed that BiH has over 700 species of medicinal and aromatic plants of which around 200 are exploited (balm, immortelle, juniper, chamomile, lavender, mint, rosemary, sage, savory, etc.)
- The annual harvesting of medicinal and aromatic plants in BiH varies from 1,500 to 9,000 tons.

Diversity of climate and vegetation, clean environment and tradition in beekeeping are good preconditions for the production of high quality **honey** in BiH. The main beekeeping products are honey, beeswax, royal jelly, pollen, and bee venom.

- Several varieties of honey are produced in BiH depending of geographical regions. Sage, heather, Jerusalem thorn, Dalmatian laburnum and tangerine honey is produced in the southern part of BiH, and chestnut, sunflower, alfalfa and acacia honey in the northern part of BiH.
- Beekeeping accounts for 1% of the total agricultural production in BiH. Total honey production in BiH cannot cover needs of the local market.

COMPANY	PRODUCTS	CONTACTS
ABC MAHIĆ, Bosanska Krupa	Herbal tea, oils, drops, syrups and honey	www.abc-mahic.ba
AROME, Mostar	Lavender and rosemary planting and processing	www.arome.ba
BIONATURA, Breza	Organic cereals, flour, pasta, mushrooms, berries, flakes	www.bionatura.ba
CYDONIA, Gračanica	Herbal cosmetics, medicinal products, plant extracts	www.cydonia.com.ba
ELMAR-AROMA CAR, Bileća	Medicinal and aromatic plants processing	www.elmar-aromacare.com
HEKO, Bugojno	Mushrooms and wild berries	www.heko.ba
LAMARUŽ, Sovići	Soaps from medicinal plants	www.lamaruz.com
HERCEG MED, Trebinje	Natural honey	www.herzegmed.ba
BILJANA, Maoča	Medicinal and aromatic herbs and tea	www.biljana.com.ba
ČELIKOVIĆ, Bihać	Medicinal herbs, tea, drops, syrups, creams	www.celikovic.com
FAVEDA, Sarajevo	Medicinals tea, tinctures, extracts, ointments, creams	www.faveda.ba
FRUTTI FUNGHI, Visoko	Mushrooms	www.frutti-funghi.com
HALILOVIĆ, Sarajevo	Medicinal and aromatic herbs, mushrooms, essential oils	www.bio-halilovic.com
LJEKO BILJE, Trebinje	Seeds and seedlings of medicinal herbs, tea, oils	www.rico.co.yu
PLANTAGO, Laktaši	Medicinal and aromatic herbs, forest fruits and tea	www.plantagocajevi.com
ROING, Ljubuški	Spices, aromatic & medicinal plants and essential oils	www.roing.net
SMRČAK, Zvornik	Mushrooms and forest fruits	www.smrcaak.co.nr
BELLADONNA, Laktaši	Elixirs from medicinal herbs and forest fruits	www.belladonna.ba
KAP PO KAP, Laktaši	Processing of agricultural and forest fruits	www.kappokap.com
PHARMAMED, Travnik	Herbal medicinal products and cosmetics	www.pharmamed.ba
ŠUMSKI PLOD, Prozor-Rama	Mushrooms, other forest products	sumskiplod@hotmail.com
VEXTRA, Mostar	Tea, herbal drops and cosmetics	www.vexstra.ba

Significant producers & potential strategic partners in BiH in medicinal and aromatic plants, wild berries and mushrooms

Livestock production systems

Livestock production has a great significance for BiH agriculture considering the available natural resources and the number of people engaged in the production.

Bosnia and Herzegovina has long tradition in collecting and cultivating:

- **Lamb meat and baby beef production**
- **Meat processing** (in particular dried and smoked meat)
- There are more than 30 meat processing companies in BiH, most are small-scale size.
- Only a half of the installed production capacity of the 11 largest meat processing companies is utilized.

Livestock numbers and production (live weight) for period 2008-2014

Livestock/product	Units	2008	2009	2010	2011	2012	2013	2014
Number of Units								
Cattle	000 head	460	458	462	455	445	447	444
Goats	000 head	70	71	63	65	65	69	74
Sheep/ewes	000 head	1,031	1,055	1,047	1,021	1,005	1,020	1,025
Pigs	000 head	502	529	590	577	539	530	533
Poultry	000 head	14,000	18,741	21,802	18,703	19,401	24,736	20,664
Slaughtered livestock & poultry								
Cattle meat	000 tons	26	25	25.5	22.4	22.9	17.2	11.4
Pig meat	000 tons	9	9.4	12.3	11.5	15.7	10.2	9.6
Poultry meat	000 tons	29	32	36	46	53.8	41.6	43.4
Sheep/goat meat	000 tons	2	1.9	2.5	2.3	2.3	1.5	1.5

Source FAOSTAT and Agency for Statistics of BiH

COMPANY	CONTACTS
AKOVA IMPEX d.o.o. Sarajevo	www.akovagroup.com
ASJA d.o.o. Široki Brijeg	www.asja.ba
MENPROM, Tuzla	www.menprom.ba
PERUTNINA d.o.o., Breza	www.perutnina.com
MI RAKITNO, d.o.o. Posušje	www.sisovic.com
ARGETA d.o.o. Sarajevo	www.argeta.com
BRAJLOVIĆ, Sarajevo	www.brajlovic.ba
BROJLER, Sarajevo	www.brojler.ba
NATURA VITA, Teslić	www.naturavita.ba
BAJRA, Travnik	www.bajra.ba
MI TULUMOVIĆ, Banja Luka	www.tulumovic.com

Market leaders in meat processing in BiH

The companies have HACCP, ISO and HALAL certificates.

Fish farming

Abundance of the clear, unpolluted rivers and streams that cross the country presents huge potential for both family owned and industrial size fish farming production.

Fish farming is already developed, especially trout and carp rising.

Fish species

The most important fish species in the aquaculture sector in Bosnia and Herzegovina are:

- Salmon species: rainbow trout, brown trout, and brook trout
- Cyprinid species: common carp, grass carp, silver carp and welsh catfish
- Marine species: European seabass gilthead sea bream and common dentex
- Mollusks: Mediterranean mussel and European flat oyster

Farming systems distribution and characteristics

In Bosnia and Herzegovina, fish farms are generally distributed in three main regions.

- In Northern BiH there are 5 cyprinid fish farms with a total area of 3,276 ha.
- In the River Neretva and the River Vrbas there are 40 concrete salmonid fish farms of 8.5 ha and 14 floating cage fish farms of 8.1 ha.
- Marine aquaculture in 2 cage farms, with a total area of 3.6 ha, is located in Neum, a town on the Adriatic coast.

COMPANY	SPECIES	CONTACTS
TROPIK RIBARSTVO, Banja Luka	Salmonide	www.tropicribarstvo.ba
RIZ KRAJINA Ribogojilište, Bihać	Salmonide	www.riz-krajina.com
JEZER, Mrkonjić Grad	Salmonide	www.bistrobih.ba
KRUPIĆ, Prozor-Rama	Salmonide	www.bistrobih.ba
OKAŠNICA-OVAKO, Bugojno	Salmonide	www.bistrobih.ba
SALMON, Ljubuški	Salmonide	www.bistrobih.ba
RIBA NERETVA, Konjic	Salmonide	www.bistrobih.ba

Salmonide fish farms



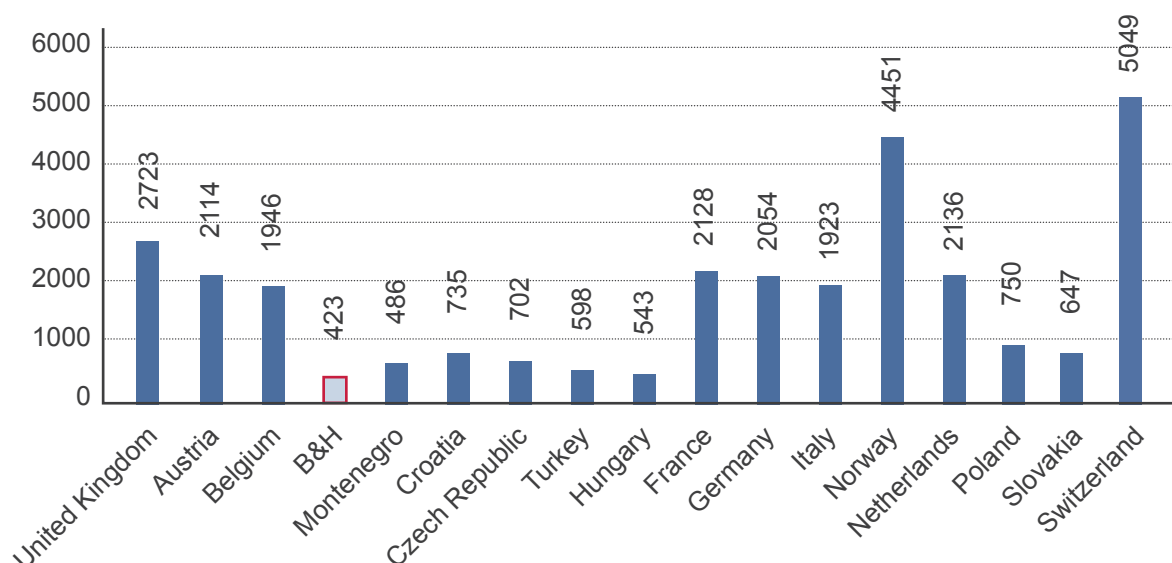
FAVORABLE BUSINESS ENVIRONMENT AND COMPETITIVE OPERATING COSTS

National treatment of foreign investors, VAT rate of 17% and corporate income tax rate of 10% amongst the lowest in the region and in Europe, and a liberal foreign trade regime, render BiH attractive and price competitive location for your future investment in the sector of agriculture and food processing.

Labor

Agriculture employs about 15% of the available labor force. All profiles of highly qualified and experienced workforce (engineers, technicians, skilled workers) required in agriculture and food processing industry are available under competitive costs, particularly when compared to the EU.

Average net monthly wages (EUR) in 2014



Operating costs – significantly lower than in EU

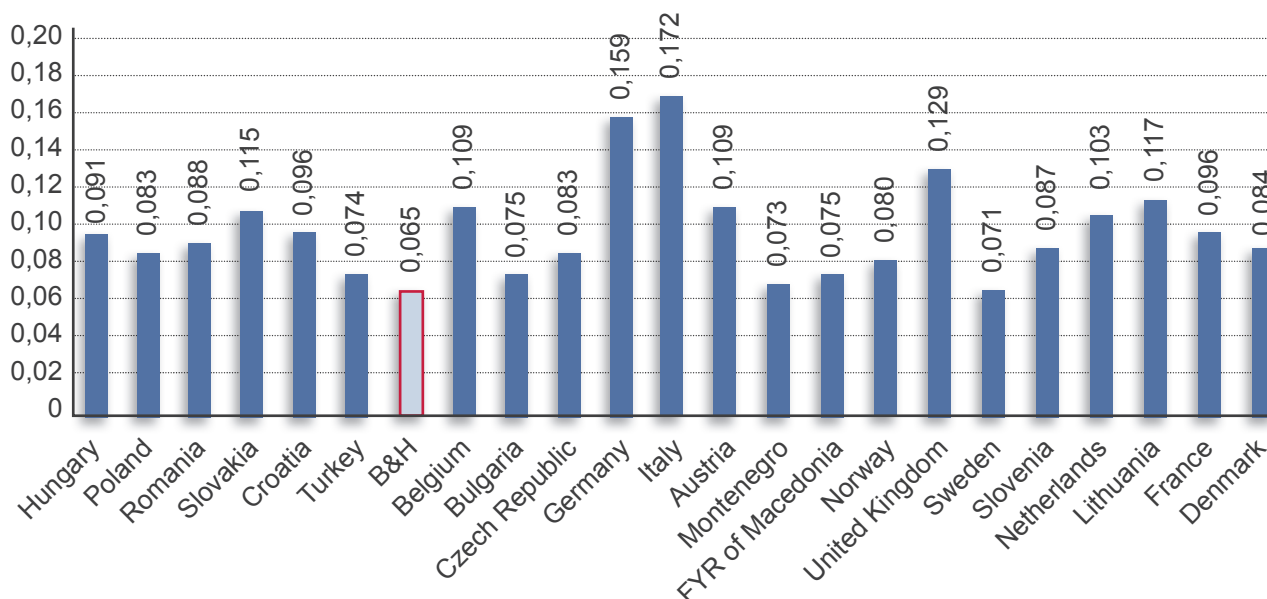
- Mobile phone usage: 0.11€ per minute
- Electricity: low tariff 0.05 - high tariff 0.10 €/kWh
- Fuel Average price:
 - Euro diesel 1.023 €/l
 - Petrol 98 octanes 1.023 €/l
 - Petrol BMB 95 octanes 0.971 €/l
- Water costs: Average price 0.511 €/m³
- Natural gas: Average price 0.511 €/m³
- Industry price 0.588 €/m³

Source: BiH Agency for Statistics - Average price, April 2015

- Renting production building: 2 €/m² – 10 €/m²
- Buying production building: 20 €/m² – 1,000 €/m²
- Renting office space: 4 €/m² – 50 €/m²
- Buying price of office space: 400 €/m² – 3,500 €/m²
- Buying price of land: 3 €/m² – 100 €/m²
- Construction cost/Industrial facility-Turn Key: 200 - 550 €/m²

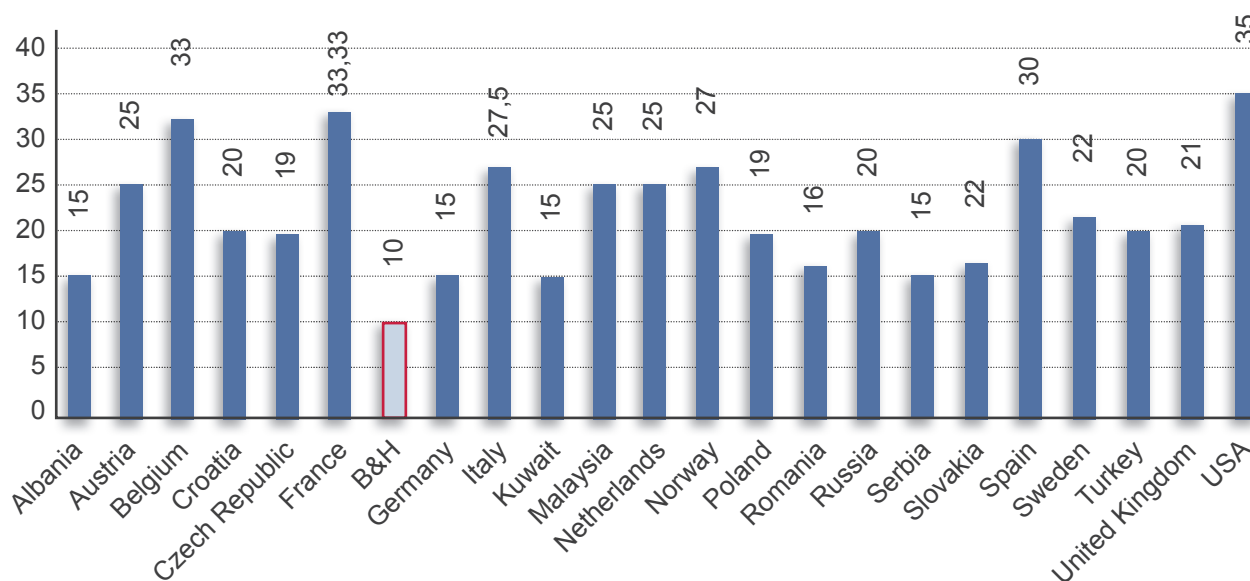
Source: Real Estate Agencies

Half-year electricity cost for industry in 2014 (€/kWh)



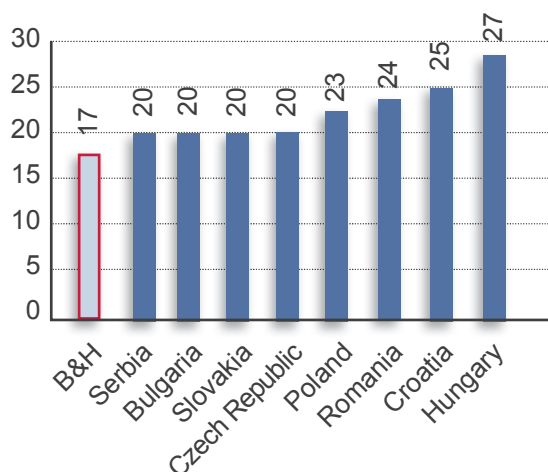
Source: <http://ec.europa.eu/eurostat/statistics-explained/>

Corporate Tax Rates 2014



Source: <https://www2.deloitte.com/>

Value Added Tax



AGRICULTURAL FAIRS IN BOSNIA AND HERZEGOVINA

- EKOBIS - Bihać /September/
- INTERAGRO - Bijeljina /September/
- PLUM FAIR - Gradačac /August/
- ZEPS - Zenica/October/
- BEEKEEPING FESTIVAL - Sarajevo /June/
- FESTIVAL OF TEA&HERBS - Sarajevo /June/
- AGROS - Banja Luka /September/
- INTERNATIONAL ECONOMY FAIR Mostar /April/

COME, SEE, AND INVEST!

We are at your disposal
to organize your visit to BiH.

The Brochure was prepared with support of Trade and Competitiveness Global Practice, a joint practice by the World Bank and International Finance Corporation (IFC), and the Kingdom of Sweden