



SRPSKA
REPUBLIC OF
OPPORTUNITIES

THE REPUBLIC OF SRPSKA

- ▶ One of two equal entities in B&H, and makes up 49% of its territory.
- ▶ It belongs to the region of SE Europe
- ▶ Interstate border with Serbia, Montenegro and Croatia.
- ▶ Area - 25,053 km², inhabited by about 1.4 million inhabitants (2013 estimate).
- ▶ Northern temperate zone where three climatic areas stand out: Mediterranean, mountainous and continental.
- ▶ The languages used in RS are: the language of the Serbian people, the language of the Bosniak people and the language of the Croatian people. The official letters are Cyrillic and Latin.
- ▶ The official currency is the convertible mark (KM / BAM)
- ▶ The largest city is Banja Luka, other major cities are Prijedor, Doboj, Bijeljina, East Sarajevo, Zvornik and Trebinje



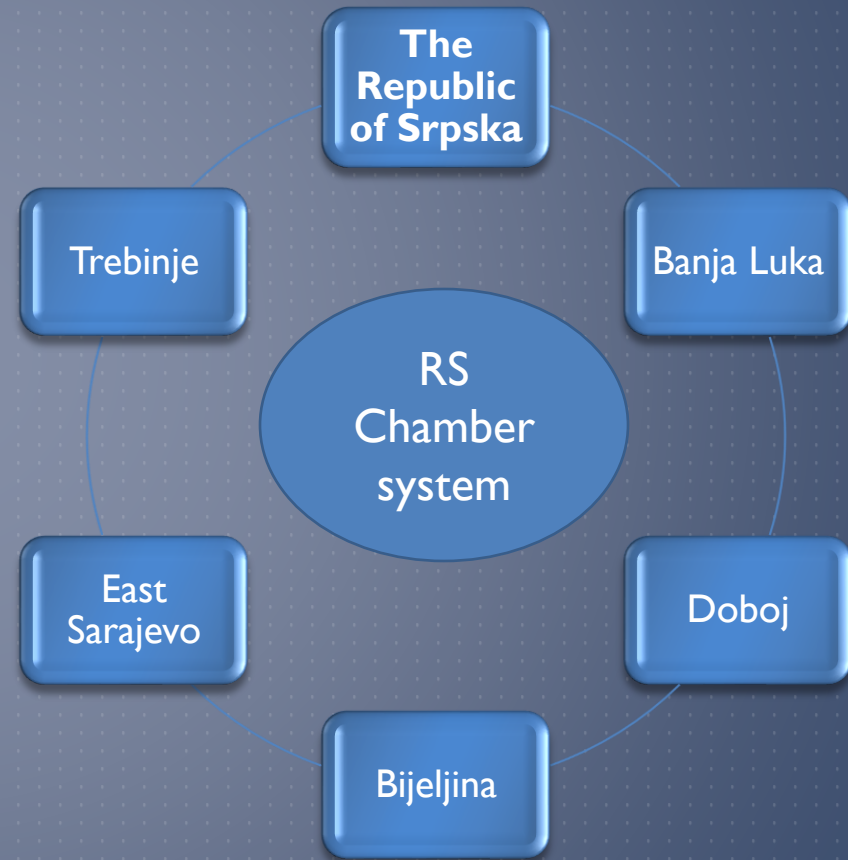
NATURAL RESOURCES

- ▶ agricultural land, forest complexes, hydropower conditions and ore and mineral resources
- ▶ huge water and hydropower potential
- ▶ valuable hydrological resources are thermal and thermo-mineral springs
- ▶ About 31% of the territory of RS are fertile agricultural areas
- ▶ Significant areas under forest (oaks, hornbeams and beech)
- ▶ significant reserves of metal and non-metal ores



CHAMBER OF COMMERCE AND INDUSTRY OF THE REPUBLIC OF SRPSKA

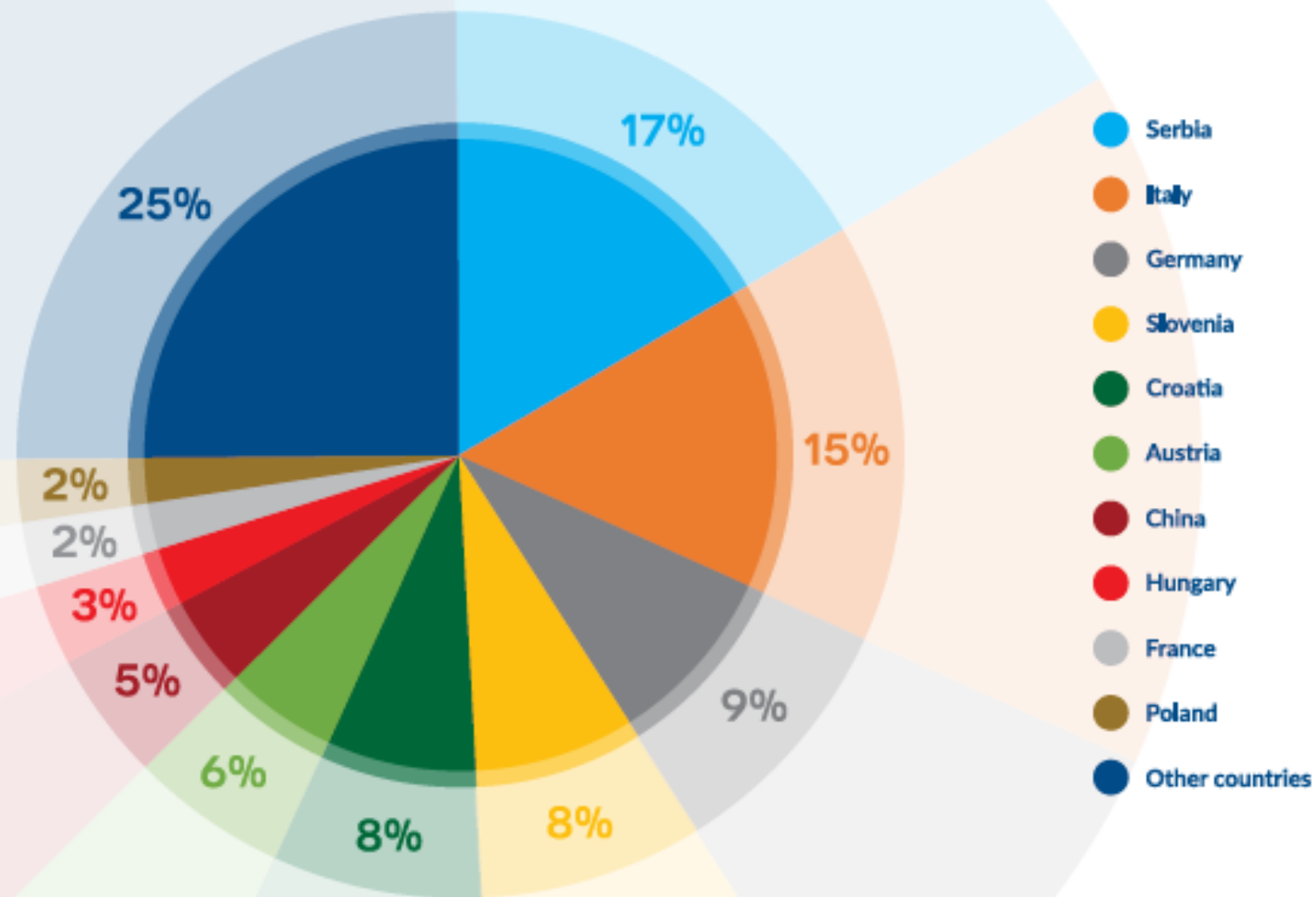
- Public private, nongovernmental, business association
- Organized both on territorial and branch principle
- Main activities: advocating, promotion, presentation – exhibitions and missions, education, consulting, public authorizations



GENERAL ECONOMIC INDICATORS

Indicators	2014.	2015.	2016.	2017.	2018.	2019.	2020.
GDP, billion EUR	4,52	4,68	4,92	5,15	5,46	5,75	
GDP per capita	3.183	3.306	4.254	4.468	4.757	5.035	
Real growth rate of GDP	4%	2,60%	3,50%	3,10%	3,90%	2,50%	
Exports, billion of EUR	1,38	1,28	1,46	1,78	1,91	1,84	1,73
Exports growth rate	4,10%	-6,60%	9,60%	21,20%	7,60%	-3,80%	-6,20%
Imports, billion of EUR	2,53	2,2	2,25	2,48	2,66	2,44	2,28
Imports growth rate	8,70%	-13,10%	0,80%	9,70%	6,50%	-8,50%	-6,50%
Inflation	-1,20%	-1,60%	-0,20%	0,40%	1,40%	0,30%	-1,90%
Growth rate of industrial production	0,70%	2,70%	8,10%	1,20%	3,60%	-11,40%	-6,70%
Average net salary, EUR	427	425	427	425	438	463	488

REPUBLIC OF SRPSKA MAIN FOREIGN TRADE PARTNERS, 2019.



Source: Republic of Srpska Institute of Statistics

REPUBLIC OF SRPSKA - HUNGARY

Foreign trade exchange

	I-XII 2019.	I-XII 2020.	Growth Rate
Exports, KM	101.363.800	68.736.501	-32,19%
Imports, KM	149.192.585	137.963.865	-7,53%
Volume, KM	250.556.385	206.700.367	-17,50%
Saldo, KM	-47.828.785	-69.227.364	44,74%
Coverage	67,94%	49,82%	
Participation in volume	3,15%	2,77%	3,15%
Participation in exports	2,85%	2,06%	2,85%
Participation in imports	3,39%	3,34%	3,39%

WHY TO INVEST IN THE REPUBLIC OF SRPSKA?

WWW.INVESTSRPSKA.NET



Geostrategic POSITION

LIBERALISED trade

**Favorable treatment of FOREIGN
INVESTORS**

STIMULATIVE tax policy

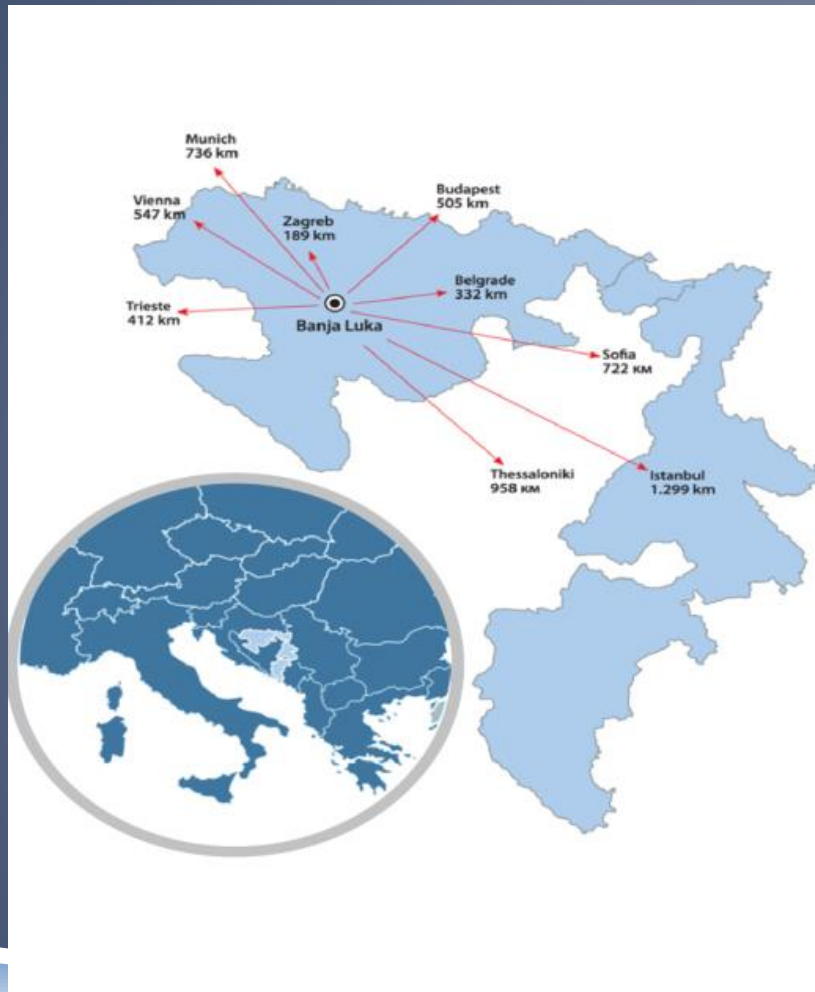
WORKFORCE

Dedication to REFORMS

Life QUALITY

GEO-STRATEGIC LOCATION

Heart of the South-East Europe



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

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

FREE TRADE AREA

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

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

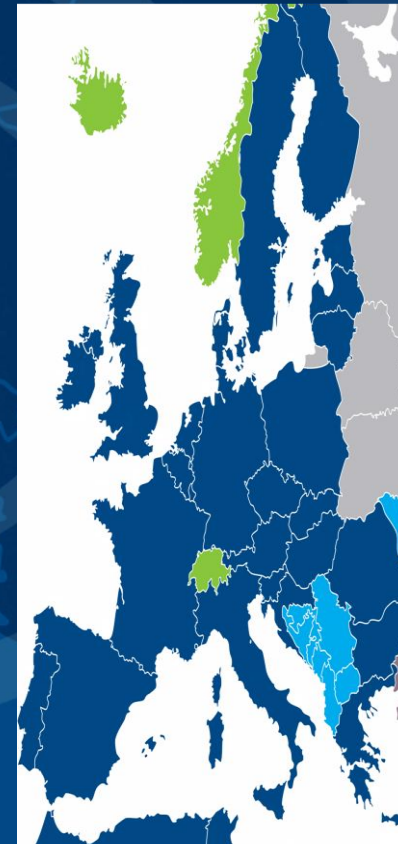
- CEFTA countries and their market of about 30 million citizens
- Free Trade Agreement between BiH and Turkey – about 70 million citizens
- EFTA Agreement, and
- Stabilisation and Association Agreement between the EU and BiH (which enables free export in the EU of almost all goods meeting the standards)

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

EU
EFTA

CEFTA

+ TURKEY



FAVOURABLE TREATMENT OF FOREIGN INVESTORS



- Liberal legislation
- National treatment of foreign investors
- Foreign capital in equipment is exempt from import duties and customs duties (with the exception of passenger cars, vending machines and gambling machines)
- Foreign investors are free to transfer abroad the profit that results from their investment in Republika Srpska
- A foreign investor may own real estate in the Republika Srpska and enjoy the same property rights in respect of real estate as citizens and legal entities of the Republika Srpska
- Foreign investors are protected from the process of nationalization, expropriation, requisition or measures with similar effects; these measures may be taken only in the public interest in accordance with the laws of the Republika Srpska
- Existence of Foreign Investor Council
- Foreign investors who are concerned about the risks of transfer restrictions, expropriation, war, civil unrest and denial of justice can be insured against these risks with the European Union Investment Guarantee Trust Fund for BiH, managed by MIGA Agency (member of the World Bank Group - Multilateral Investment Guarantee Agency)
- Agreements on investment promotion and protection were signed with 42 countries

WORKFORCE

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

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



Source: Republic of Srpska Institute of Statistics



LOW OPERATING COSTS

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

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

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

STIMULATIVE TAX POLICY

CORPORATE INCOME TAX RATE

10%

INCOME TAX RATE

10%

(VAT) RATE

17%

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

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

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

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

STIMULATIVE TAX POLICY

2018	RS	FBIH	Serbia	Croatia	Montenegro	North Macedonia
Income tax rate	10%	10%	10%	24% on the basis of up to HRK 210,000, 36% on the part of the basis that exceeds HRK 210,000	9% i 11% on the amount of income above the average monthly gross salary achieved in the previous year	10%
Non-taxable portion of income (in euros)	255	153	95	513	0	121
Dividend tax rate	-	-	15%	12%	9%	10%
Income tax rate	10%	10%	15%	12% (for revenues up to HRK 3,000,000) and 18% (for revenues equal to or greater than HRK 3,000,000)	9%	10%
VAT	17%	17%	20% i 10%	25%, 13% and 5%	21%	18% and 5%
Cumulative contribution rate to gross salary	32,8%*	41,5%	37,8%	37,2%	34,5%	27%

ICT

ICT industry with young, well educated professionals and an expanding network of companies and resources, is one of the most promising industries in Srpska and an industry which is a strategic priority for the Government.

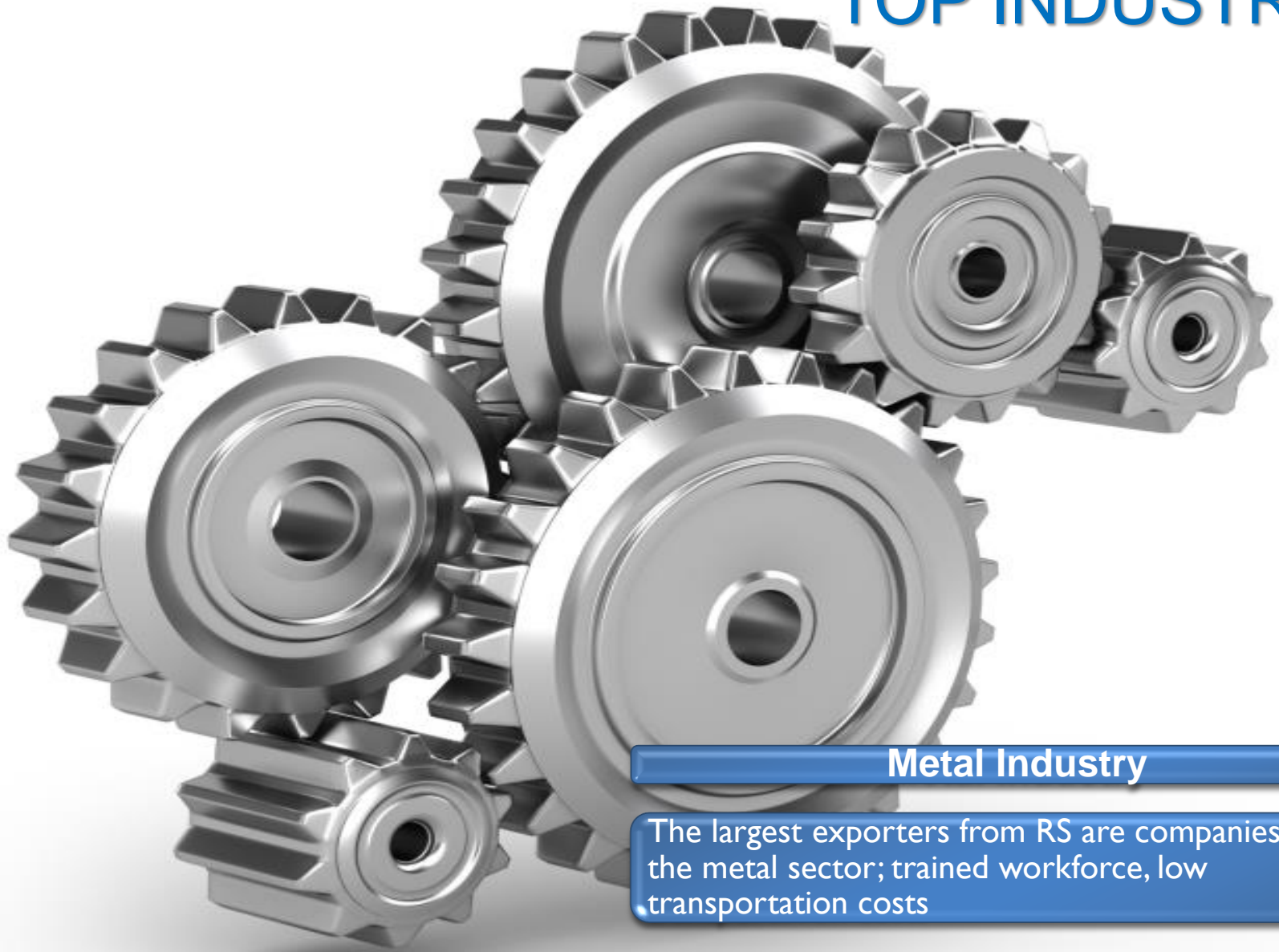
ITC offers great outsourcing potential.

Young and well educated workforce (70% of workers are under 35)

Foreign market recognition through partnership with international, industry-leading companies

A new Ministry responsible for the information society was established in 2018

TOP INDUSTRIES



Metal Industry

The largest exporters from RS are companies from the metal sector; trained workforce, low transportation costs

Wood processing industry

Tradition in woodworking longer than 150 years; in terms of absolute forest cover (50%) and total net growth of wood mass, it is ranked high in Europe (total forest fund 183,013,000 m³, annual estimate around 2,677,978 m³)

A vibrant collage of various food items including bread, pasta, fruits, vegetables, and dairy products. The items are arranged in a dense, overlapping manner, showcasing a wide variety of food types. The background is a light, neutral color, making the colors of the food stand out.

TOP INDUSTRIES

Food Industry

With almost 1 ha of arable land per head, RS is well above the world average (0.24 ha per head); unpolluted soil, clean air and water

TOP INDUSTRIES



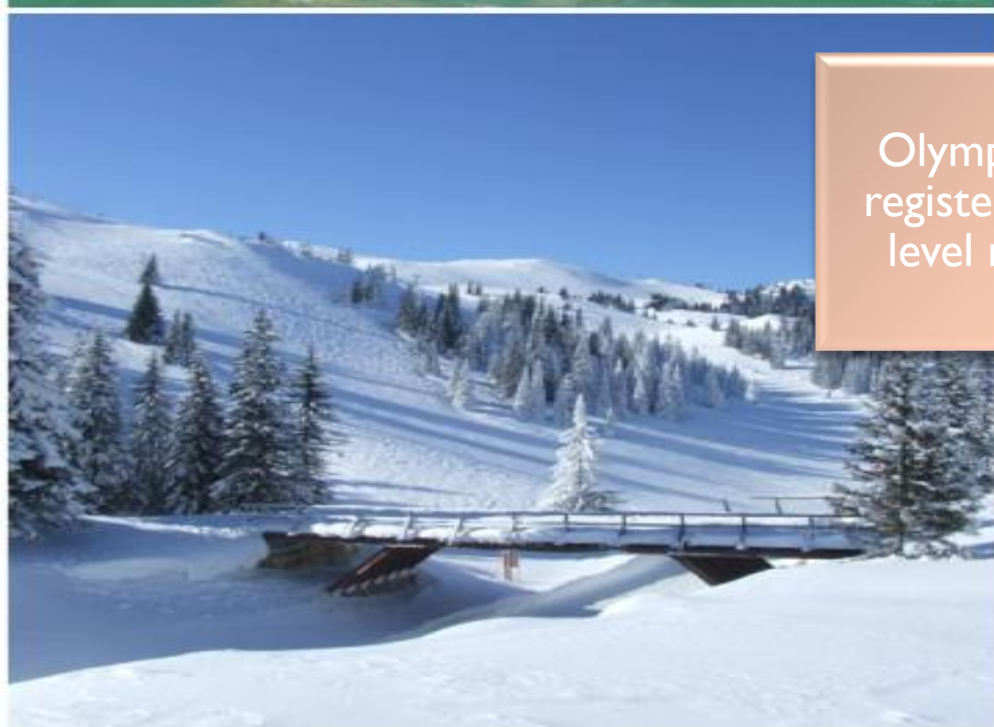
Energy

The Republic of Srpska is among the major exporters of electricity in the SEE region; Huge hydro potential of about 10,000 GWh per year, of which 70% unused; significant coal reserves (polyvinyl electricity is produced in coal-fired power plants).

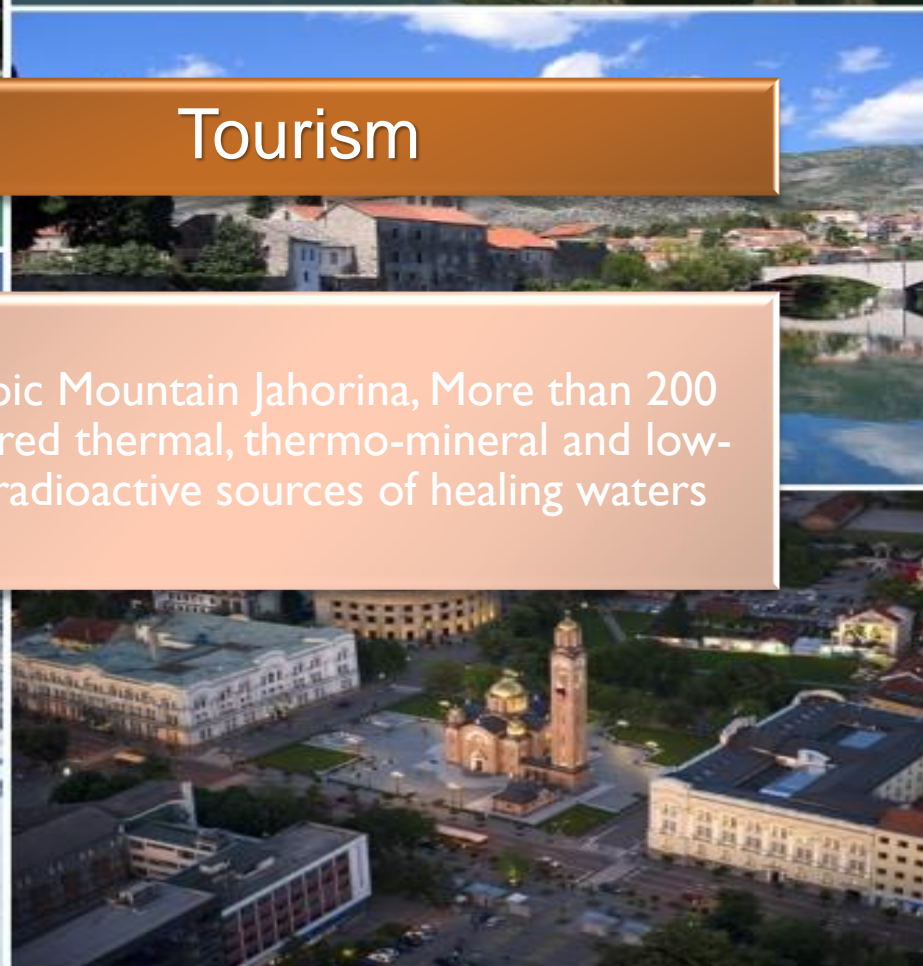


TOP INDUSTRIES

Tourism



Olympic Mountain Jahorina, More than 200 registered thermal, thermo-mineral and low-level radioactive sources of healing waters



THANK YOU!



PRIVREDNA KOMORA
REPUBLIKE SRPSKE

Dragana Kokot

Director of the Sector for Economic and Legal Affairs

draganak@komorars.ba

www.komorars.ba