



Municipality of Posušje Investment guide

We are here for You!

Juni 2019.

1. Foreword by the Municipality of Posušje Mayor



Dear investors,

It is my pleasure to introduce you to the Investment guide of the Municipality of Posušje that will give you basic information about the benefits of investing in our Municipality.

The Municipality of Posušje has recognized the importance of creating a favourable business environment as one of the main preconditions for attracting domestic and foreign investors. This commitment has already been recognized by foreign and domestic investors who today successfully operate in our Municipality.

Proximity to the regional and European market with over 500 million people, abundant natural resources, young and working age population, business tradition, competitive business conditions and strategic commitment to entrepreneurship, are just some of the reasons that make the Municipality of Posušje an attractive location for investments.

Therefore, I invite you to contact us with full confidence in order to jointly make your investment project even more successful.

Welcome to the Municipality of Posušje!

Municipality of Posušje Mayor

Branko Bago

2. Municipality of Posušje in numbers

Area	461,1 km ² (0,9% area of BiH)
Capital	Posušje (in total 17 settlements)
Number of inhabitants	20.698 (preliminary results from Census 2013)
Climate	Mediterranean and moderate continental
Currency	BAM (1€ = 1.95583 BAM)
BDP per capita (€)	4.755 € (2018)
Budget (€)	4.259.905 € (2018)
Unemployment rate	24% (2018 average)
Number of employed	3.519 (2018)
Number of unemployed	2.216 (2018)
Average gross salary (€)	624 € (2018)
Average net salary (€)	408 € (2018)
Number of business entities	468 (31.12.2018)
Profit tax	10%
Value added tax	17%
Income tax	10%

Source: Municipality of Posušje

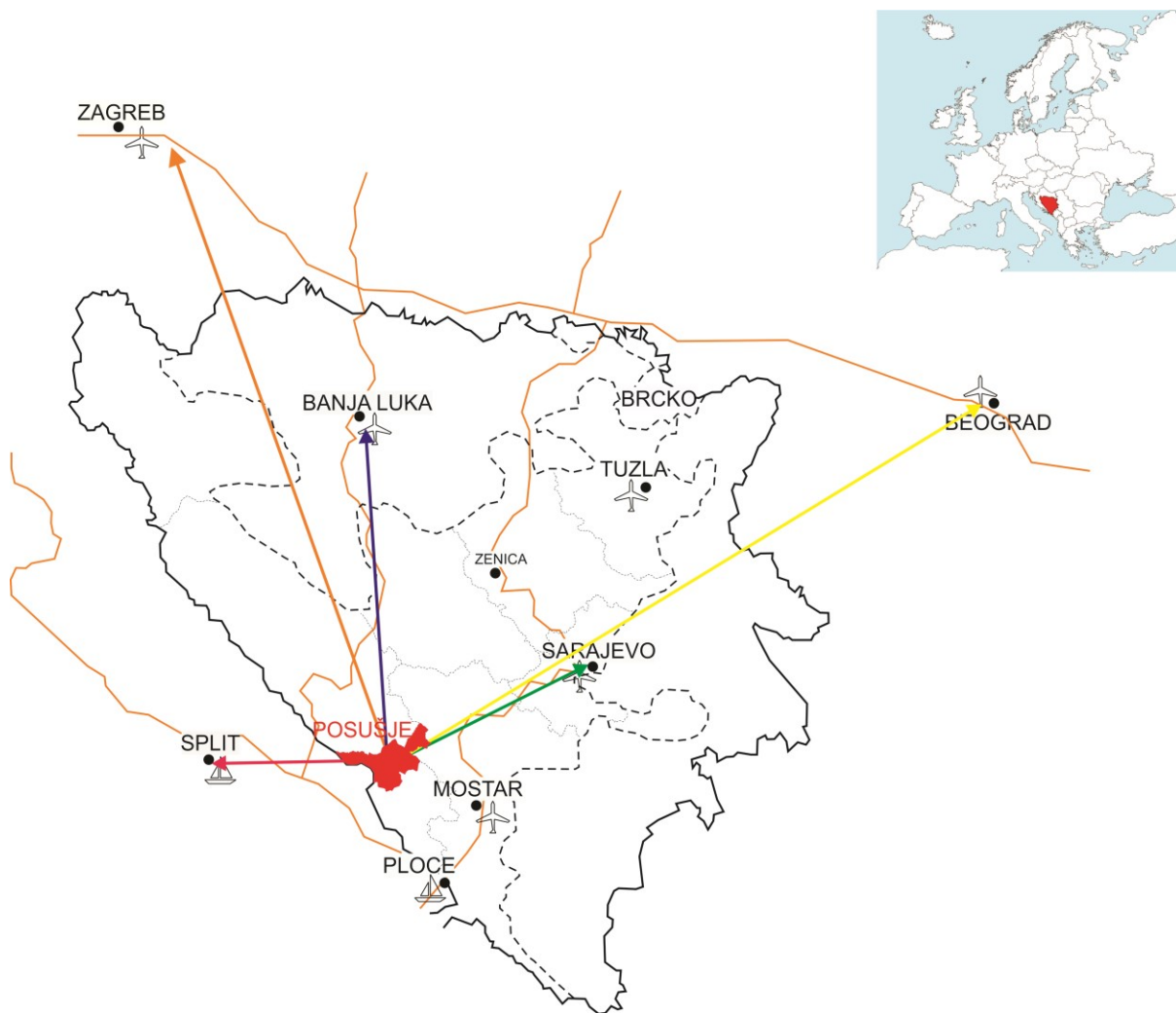
3. Favourable geo-traffic position of the Municipality of Posušje

The Municipality of Posušje is situated in south-western part of Bosnia and Herzegovina, in the Zapadnohercegovačka County, and belongs to the Federation of Bosnia and Herzegovina.

The Municipality of Posušje is easily accessible and an attractive location for investments. Close to the international border crossing with the Republic of Croatia (1 km) and the Highway A1 Zagreb-Dubrovnik (30 km), as a part of the future Adriatic-Ionian corridor, the Municipality is well connected with a wider region and the EU market with more than 500 million people.

The Municipality is also easily accessible by investors from all parts of BiH since it is located at the intersection of main regional roads: Mostar – Imotski – Split, Mostar – Tomislavgrad – Livno and Ploče – Ljubuški – Grude – Rama – Uskoplje – Travnik. The Municipality is also connected with the international sea ports Ploče (67km) and Split (99km) in Croatia. Vicinity to the future pan-European corridor VC (Budimpešta-Osijek-Sarajevo-Ploče) also provides quick access to the European market.

The Municipality of Posušje is also connected with the regional and global markets by the air traffic from the international airports in Split (109km), Sarajevo (148km), Zagreb (270km) and Belgrade (280km).



Distance of Municipality of Posušje from major regional and European centres

Mostar	36 km
Sarajevo	148 km
Zagreb	270 km
Belgrade	280 km
Rome	440 km
Budapest	460 km
Wien	530 km
Milan	690 km

4. The economic profile of the Municipality of Posušje

The economy of the Municipality of Posušje is based on micro and small enterprises, crafts and family farms as well as tradition of craftsmanship. Nearly 50% of working population is employed by the private sector.

Business sector in numbers (31.12.2018)	
Number of registered legal persons	468
Number of registered crafts	190
Number of active legal persons	278
Micro and small companies (up to 50 employees)	263 (94,60%)
Middle companies (50-250)	13 (4,68%)
Big companies (more than 250)	2 (0,72%)
Number of days for d.o.o. establishment	7 days (county jurisdiction)
Number of days to close business	N/A
Number of days for issuance of location permit	5 days
Number of days for issuance of building permit	5 days
Major companies	Broj zaposlenih
Meggle d.o.o.	83
Vokel d.o.o.	266
Planet.d.o.o.	209
Weltplast d.o.o.	112
Lager d.o.o.	117
Mesna industrija Rakitno d.o.o.	88

Source: Municipality of Posušje

The Municipality of Posušje is rich in natural resources, in particular in bauxite and stone, as well as marl and clay. There are 3 million tons of bauxite in stock and ore deposits are of different size (up to 1 mil tons). For investors that invest in the Municipality of Posušje and use aluminium in their production, the supply of aluminium ore is arranged with the aluminium manufacturer in Mostar.

In the Municipality there are large reserves of more than 10 types of stone with high architectural and construction (AC) features. The most important stone „Bosiljna“ has potential use in various industries, from food processing to pharmaceutical and chemical industries.

The Municipality also has significant quantities of marl, which is suitable for the production of various types of cement, as well as clay, which is used in the industry.



40.215 ha of pastures make possible the animal husbandry (goat and sheep) in the Municipality. There is significant potential for the goat industry (meat, cheese, milk) whose products achieve high prices in the market.

The Municipality of Posušje is rich in natural resources for development of various forms of tourism, including the Nature Park Blidinje. Vicinity to the major tourist markets such as Međugorje and Dalmatia has enabled the development of skiing, mountain and sightseeing tourism. The most important tourist sites include: Ski centre

Risovac, tourist hiking trail in Vučipolje, golf course Topala, lake Tribistovo, Šimićeva cave, Ričina canyon and numerous archaeological sites. There is a significant potential for the development of adventure tourism and other forms of nature-based tourism, excursion and rural tourism.



The business activities of 90% of all registered businesses in the Municipality of Posušje are concentrated around several sectors: processing industry (metal, plastics, stone, meat and dairy products), construction, leisure and recreation, wholesale and retail, services.

Products that are mostly exported include: pipes for water and sewage, electrical cables, products from steel, bauxite and to some extent furniture.

The strategic orientation of the Municipality of Posušje is to increase the participation of small and medium-sized enterprises and crafts in the local economy, that base their operations on clean, environmentally friendly technologies.

With a fast access to the European market, abundant resources for processing industry and tourism, business tradition and lower production costs, the Municipality of Posušje can offer the business conditions that will enable investors to produce competitive products for the European and global markets.

Cost of doing business (prices with VAT)	
Water	1,17 €/m ³ (business) 1,17 €/m ³ (private)
Price of connection of electric energy-low-voltage network	223 BAM / KW of installed capacity in operation for connection to low voltage network
Price for electricity connection - medium voltage networks	144 BAM / kW of installed capacity in the bow their connection to the

	medium voltage network
Substation for manufacturing plant	Depending on the size of the substation Power company participates in co-financing procurement
The price of electricity for economic operators.	rate meter: lower tariffs € 0.11/kWh(summer rates) € 0.13 / kWh (winter tariffs)
Garbage	15 € per month (business) 4 €/up to 2 members (private) 6 €/3 and more members (private)
Serviced building land	I zone 50 €/m ² II zone 40 €/m ² III zone 20 €/m ²
Non-serviced building land	7 €/m ²
Commercial rent	Starting, bidding price
Urban area	I zone 40 €/m ² II zone 22 €/m ² III zone 19 €/m ²
Suburban area	13 €/m ²

Source: Municipality of Posušje

Since 2011, active is the Association of entrepreneurs Posušje that gathers all major entrepreneurs from the Municipality of Posušje, and offers various business cooperation opportunities to domestic and foreign investors in implementation of their investment projects.



**UDRUGA
GOSPODARSTVENIKA
POSUŠJE**

The Association of entrepreneurs Posušje gathers 45 entrepreneurs with 2172 employees and 550 mil KM (275 mil €) of annual revenues, which represent 60% of total business revenues and around 60% of total employment in the Municipality of Posušje in 2018.

The Municipality of Posušje provides all necessary support to the work of the Association of entrepreneurs Posušje.

There is long tradition in education in the Municipality of Posušje. The first public school was established by the Franciscans in 1867. Today there are two second level educational centres (vocational school and gymnasium) that offer technical, vocational, general, language and nature science vocation. Currently there are 817 pupils attending those centres, whereas 450 students attend the universities, mostly in Mostar, then Zagreb and Split. They mostly study economics, electrical engineering and at the Faculty of philosophy.

A long tradition of stone masonry and future strategic positioning of the Municipality of Posušje as a regional competence centre in stone has been recognised by the European Union that in 2012 co-financed reconstruction and equipping of a masonry workshop for practical training at the Vocational secondary school. In addition, the class for stone masonry was established. The Municipality also plans to establish a regional second level educational centre for stone as well as a technology centre for stone. It is also a great potential for development in the metal and plastic sector, and through the realization of cross-border cooperation project, CNC machines for metal and plastic processing have been procured. One of the realized activities is the introduction of vocational secondary education in Posušje, a CNC operator attending professional practice in the Osrdak business zone in the Logistics Center where CNC machines are located.

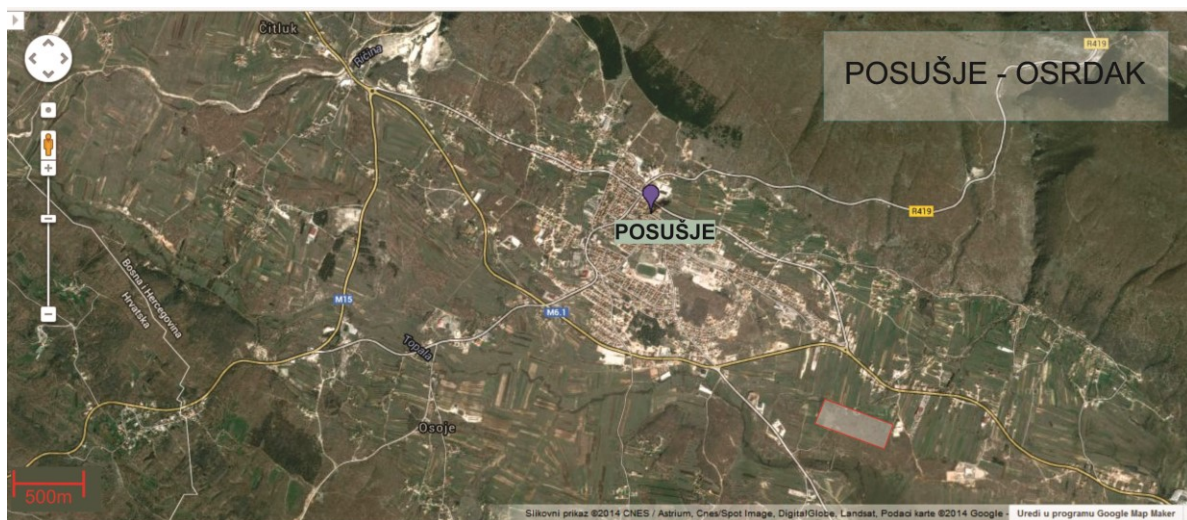
5. Investment opportunities in the Municipality of Posušje

Business zones

In the Municipality of Posušje, domestic and foreign investors have at their disposal the business zones equipped with the infrastructure.

Business zone Osrdak

The Business zone Osrdak is intended for small and medium-sized enterprises who wish to invest in ecologically acceptable production and services. The Zone is located along the main road Posušje – Mostar and 2 km from the municipal center. The Zone is also only 1 km to the border with the Republic of Croatia (EU), and 30 km to the Highway A1 (Zagreb-Dubrovnik, entrance Zagvozd), which is a part of future Adriatic-Ionian corridor. Apart from the vicinity of the international sea ports Ploče (67 km) and Split (101 km) and the international airport in Sarajevo (148) and Split (101 km), the vicinity of future pan-European corridor 5C also enables investors to access fast broader European market.





Micro location of the Business zone Osrdak

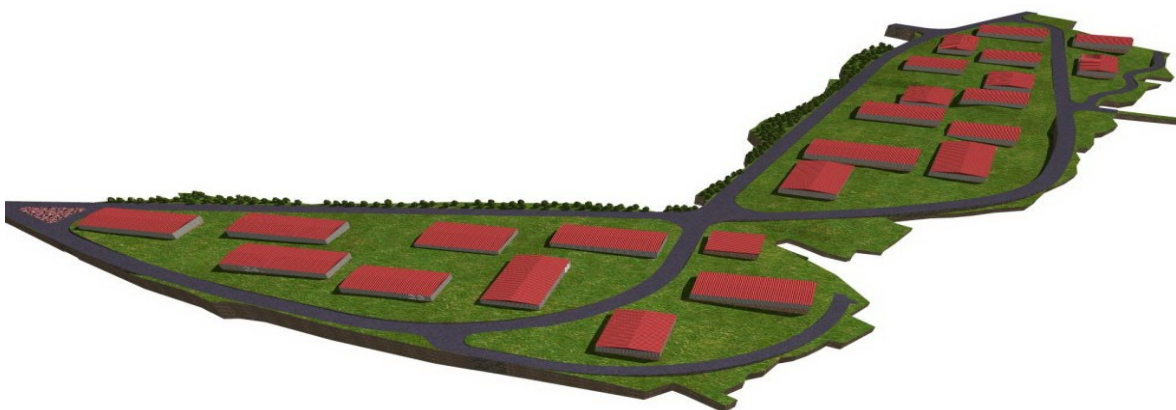
Equipped with the infrastructure, the Business zone Osrdak covers the area of 13,74 ha and is divided into 24 plots. Currently available are 11 plots of 4.000 m² average size.

The compensation for undeveloped construction land in the Osrdak and Vlaka business zones was subsidized by the Municipality of Posušje in the amount of 93% of the starting price.

There are 3 stages to using this subsidy:

1. 40% of the amount of the subsidy shall be used with the date of the validity of the building permit
2. 40% of the amount of the subsidy shall be used with the validity of the operating permit
3. 20% of the subsidy amount shall be used from the day the registered activity commences

The final price of land paid by the investor is 0.95 BAM / m² (EUR 0.50 / m²).



Distribution of plots in the Business zone Osrdak

The Zone is suitable for greenfield investments, which has already been recognised by 5 domestic and foreign (Germany) investors that together employ 128 employees and successfully operate on the domestic, regional and European markets.

The most known among them is the German company Meggle that has recognised the benefits of investing into the Municipality of Posušje and has established the logistics and distribution centre for Southeast Europe in the Business zone Osrdak, currently having 83 employees. The company successfully cooperates with local producers of milk.



Other entrepreneurs in the Business zone Osrdak operate in the production of furniture for the German market, graphic industry and construction.

Business zone Vlaka

The Business zone Vlaka is located along the main road Posušje – Tomislavgrad and is situated 6 km away from the urban municipal area. It covers the area of 190, 38 ha and is intended for manufacturing companies in the industry of plastics, stone processing, construction and other related sectors.

The final price of land paid by the investor is 0.95 BAM / m² (EUR 0.50 / m²).

There are currently 8 entrepreneurs in the Zone, employing 163 workers.

Renewable energy

In the Municipality of Posušje there is investment potential in renewable energy, in particular solar and wind energy. The Municipality has more than 2.200 sunny hours annually (app 170 days), and the highland parts (Tribistovo, Rakitno, Blidinje) are extremely windy and suitable for the wind power use. Concessions could be granted for this type of investment.

For solar fields and wind parks, the investors also have at their disposal the following zones: Zavelim (200ha), Osoje (100ha), Oštrc, Poklečani.



Projects in tourism

Investment projects are also possible in the tourism sector due to preserved and abundant natural resources and favourable location of the Municipality of Posušje close to the regional and European tourist markets (Međugorje, Adriatic Sea). The sites that stand out are the Nature Park Blidinje with the highest peak in Herzegovina – the mountain Čvrsnica at 2.222 m and the lake Blidinje, as well as the Canyon Ričine.

Potential investment projects include further development of winter, adventure, mountain and excursion tourism. Investors could invest in upgrade or new accommodation and catering services as well as various entertainment and sports services. Synergies are also possible with the existing tourism offer in the Municipality, including the Ski centre Risovac, golf course, hiking and bicycle trails, archaeological sites and similar. The tourist offer is complemented by the local agricultural products.

Vicinity of the Marian centre in Međugorje (53 km) that is every year visited by more than 1 million pilgrims and visitors worldwide, also offers some investment opportunities in development of supporting tourist offer to the religious and excursion tourism.



Nature Park Blidinje in winter

6. Attractive incentives for investors

Local incentives

The Municipality of Posušje has prepared attractive incentives for investors who invest in the Municipality of Posušje.

For investors who invest in the Business zones Osrdak and Vlaka, the Municipality enables the purchase of building land at very competitive price as well as provides 2-year exemption from payment of communal fee for newly built business facilities in the Municipality.

The final price of land paid by the investor is 0.95 BAM / m² (EUR 0.50 / m²).

2-year exemption from payment of communal fee for newly built business facilities

In addition, for all investors who invest in the Municipality of Posušje...

Documentation required by investors under municipal jurisdiction is issued within 2 days

National incentives

Bosnia and Herzegovina offers to all investors one of the most stimulating tax systems in Central and South-eastern Europe, including:

Profit tax 10 %

Value added tax (VAT) 17%

Income tax 10%

Foreign investors are entitled to the following tax incentives (stipulated by the Profit tax law of FBiH):

Investment	Investor who makes an investment from own funds in production equipment worth more than 50% of the profit made for the current tax period, the income tax liability is reduced by 30% of the amount in the year of investing. , a
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	50% discount for investing EUR 10 million over 5 years and EUR 2 million in the first year, hiring a person for 12 months and being unemployed for 5 years.
Production	An investor who, for a period of 5 (five) consecutive years, invests in production worth at least 20 million BAM in the FBiH, shall be exempt from income tax for a period of 5 (five) years, beginning with the first year of investment in which he has invested at least 4 million KM, the liability for income tax is reduced by 50% of the amount in the years of investment.
Employment	The investor is entitled to tax deductible expenses in the amount of double the gross amount paid to newly employed persons for 12 months and who has been unemployed for 5 years.

Foreign investors are also exempted from customs duties and customs fees for investment capital (except for passenger vehicles and gaming and entertainment equipment).

7. Young, qualified and price competitive labour force

Available labour force is an additional factor that raises the level of competitiveness of the Municipality of Posušje as an entrepreneurial and tourist destination. Young and working age population dominate in the age structure.

The population of the Municipality of Posušje is open towards the entrepreneurship and cherish the tradition of craftsmanship. There is a tradition of work in agriculture, processing of metal, plastics and stone, meat and dairy industry, construction, trade and services.

Different profiles of labour are available to the investors and include: electrical engineers, economists, technicians for metal, plastics and stone, machinists et similar.



In relation to the job market in the region, the Municipality of Posušje is a cost competitive destination, which could be significant for investors who invest in labour intensive activities such as tourism but also for all other investors.

Apart from the young population that every year completes secondary or higher education, investors have at their disposal more than 2.000 unemployed persons. Significant number of unemployed are women (55%), youth up to 30 years of age (33%), and workers with vocational and technical skills with the second level degrees (69%), whereas together with college and high level degrees make up 12% of the unemployed.

The Municipality of Posušje provides all necessary support to the existing and prospective investors in organisation of retraining and vocational training programs according to their needs. Various retraining programs are also available in Široki Brijeg (30 km) and other cities.

8. What investors say about us



Meggle d.o.o. (Germany)

Market leader in milk and dairy products in BIH

Logistics and distribution centre for Southeast Europe opened on 14.9.2011 in the Business zone Osrdak

Investment value: more than 1 million EUR

Površina: logistics and distribution centre: 10.000m², warehouse and office space: 1.300m²

Employees: 83

Developed cooperation with local cattle breeders and milk producers (current purchase 100.000 l/month, aim is to increase to 1-1,5 mil lit/month)



„Based on our business needs we approached the Municipality of Posušje in 2011 with the aim to build our new logistics and distribution centre for BIH, neighbouring countries and Southeast Europe. To our satisfaction, the municipal administration in short term provided all necessary preconditions to start building our centre in the Business zone

Osrdak in Posušje.

I hereby wish to express my satisfaction with the business conditions offered by the Business zone Osrdak and the Municipality of Posušje. The company Meggle d.o.o. opened the logistics and distribution centre in 2011 and successfully operates since then. “

Director: Jadranka Penava



Iveral d.o.o. (BIH)

Producer of custom made furniture exported to Germany
Since 2012 operates in the Business zone Osrdak

Employees: 6



„Our company Iveral d.o.o. is in continuous business development and we have exceeded our current business model so we had to look for a solution to significantly increase the existing production capacities. We have contacted the Municipality of Posušje in order to solve this problem on mutual satisfaction. The Municipality administration has offered excellent business conditions in the Business zone „Osrdak“.

We are very satisfied with the business conditions offered by the Business zone „Osrdak“ in the Municipality of Posušje. The company Iveral d.o.o. started the production of furniture in its new facility in the Business zone „Osrdak“ in 2012.“

Director: Mario Begić

Product quality by European and international standards

In the Municipality of Posušje successfully operates the company Weltplast d.o.o., a leading company in final processing of polymers in BIH and Croatia and Southeast Europe. The company exports 65% of its production, mostly to the European market. The company uses modern and fully automated production technology in line with

the international standards. The company has 112 employees in Posušje and pays great attention to recycling and environment protection.



9. Quality of life in the Municipality of Posušje

The Municipality of Posušje is a safe and pleasant place for work and living.

In the Municipality there are public library, movie, elementary music school, various cultural, sports and recreational associations and clubs, and during a year many cultural, sports and recreational events and entertainment. The most known are: festival 'Kamendani' (making of stone sculptures), which is the only such festival in Herzegovina and manifestation 'Posuško ljeto' with many cultural and sports events and entertainment, including the local cuisine.



The municipal offer also includes numerous year-round possibilities for outdoor sports and recreation provided by the National park Risovac and its surroundings, including the Ski centre Risovac, golf courses, hiking and cycling trails, canyon Brine, Šimić cave and other archaeological sites. Vicinity to the Adriatic Sea also provides many opportunities for sports and recreation.



Ski centre Risovac Blidinje, golf course Topala, Lake Tribistovo, Canyon Brine

A well organised primary healthcare and adequate social welfare for residents also make the quality of life in the Municipality.

For families with children, a stay of children could be organised in one of three kindergartens (2 private and 1 public). Educational institutions include four primary schools with branches and two secondary schools (gymnasium and vocational school). There is also the elementary music school. High school education is possible to continue in the neighbouring Mostar as well as Tuzla and Sarajevo. The proximity of higher education institutions in Split (Croatia) provides additional educational opportunities.

10. Contact for investors in the Municipality of Posušje

A competent and professional team of the Municipality of Posušje is at your disposal for any further information and professional assistance in preparation and implementation of your investment project.

Contact us with confidence on the contact details below. We are here for you!

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