

FOREIGN DIRECT INVESTMENTS IN BOSNIA AND HERZEGOVINA

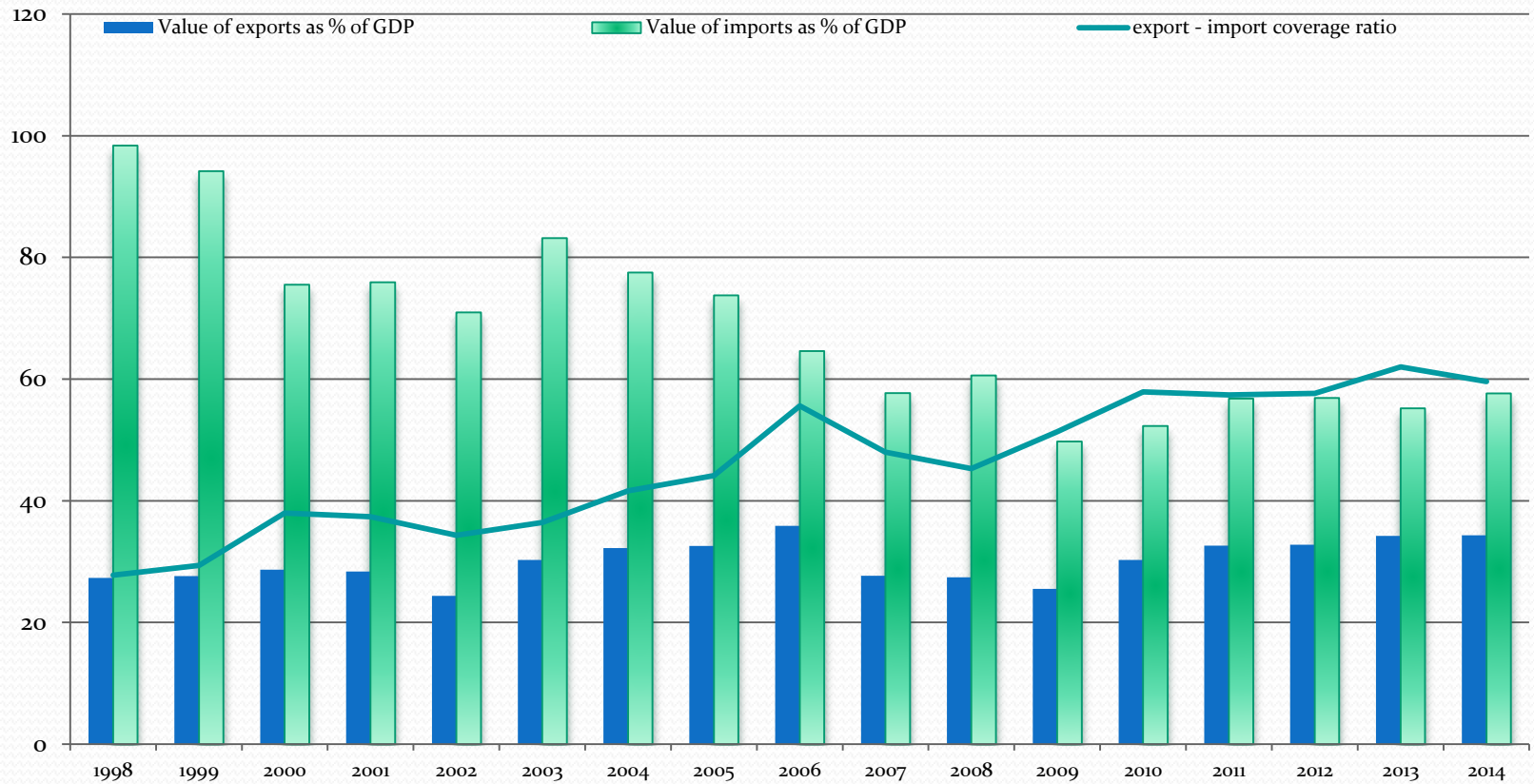
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Trade balance over the period between 2005 and 2015



Shares of TOP 10 the main trade partners in B&H's export

Countries	2009	2010	2011	2012	2013	2014	2015
	(000 EUR)	(000 EUR)	(000 EUR)	(000EUR)	(000 EUR)	(000 EUR)	(000 EUR)
Germany	417,672	572,893	621.71	618.72	670.22	673.62	722.41
Croatia	495,467	558,489	615.82	595.66	610.81	488.31	473.03
Serbia	393,713	472,975	512.25	363.02	392.03	409.39	394.05
Italia	360,425	443,014	492.65	480.23	512.98	612.34	621.18
Slovenia	237,816	315,877	361.39	334.03	351	356.77	382.89
Austria	167,279	244,473	316.51	334.78	351.55	386.45	379.92
Montenegro	127,979	167,389	153.61	127.43	138.43	150.23	134.39
Russian Federation	12,630	19,371	27.19	14.69	29.23	40.688	50.096
Turkey	26,512	81,662	76.72	93.5	89.28	119.84	181.31
Hungary	47,139	64,947	84.86	59.01	70.87	95.43	96.5
TOP 10 countries	2,286,632	2,941,090	3,262.72	3,021.07	3,519.15	3,953.21	3,999.27
<i>Other countries</i>	<i>594,200</i>	<i>788,179</i>	941.18	996.65	765.62	486.74	595.81
Total BH export	2,880,832	3,729,269	4,203.90	4,017.71	4,284.77	4,439.95	4,595.08

Shares of TOP 10 the main trade partners in B&H's import

Countries	2009	2010	2011	2012	2013	2014	2015
	(000 EUR)	(000 EUR)	(000 EUR)	(000 EUR)	(000 EUR)	(000 EUR)	(000 EUR)
Croatia	1,187,539	1,282,232	1,138.39	1,126.14	1,000.27	946.75	855.47
Serbia	757,372	831,996	749.37	731.93	759.58	833.16	883.76
Slovenia	607,970	657,660	423.64	410.75	385.69	390.24	395.51
Germany	566,837	611,751	842.82	882.39	887.01	955.9	978.73
ITALIA	530,624	529,307	706.45	730.82	757.87	845.45	899
Russian Federation	442,195	607,976	836.01	763.81	770	660.83	448.38
AUSTRIA	389,400	456,579	251.39	257.74	265.51	272.06	286.8
Hungary	222,526	246,611	193.89	211.14	225.75	221.72	210.43
United King	105,148	186,292	51.93	61.42	22.51	78.27	75.3
Turkey	166,930	172,539	230.14	229.76	252.17	297.62	329.57
TOP 10 cou	4,981,572	5,441,675	5,424.03	5,405.91	5,326.36	5,502.00	5,201.21
<i>Other countr</i>	<i>1,170,358</i>	<i>1,373,564</i>	2,514.00	2,392.79	2,429.83	2,780.58	2,903.63
Total BH in	6,151,929	6,815,239	7,938.03	7,798.71	7,756.19	8,282.57	8,104.84

Trends in FDI activity in B&H

FDI Inflows per capita for Selected Countries

	Cumulative inflow FDI per capita (2006-2013) in US\$	Inflow FDI per capita 2013 (US\$)	Foreign direct investment, net inflows (% of GDP) in 2013
Croatia	4893.41	13631	1.016743644
Montenegro	7880.21	72013	10.10786696
FYRM Macedonia	1436.81	15846	3.839934903
Serbia	3178.03	19226	4.337331553
Albania	2374.48	42296	9.706707185
B&H	1356.13	86.62	1.764678607
Bulgaria	5329.13	20158	3.464894385
Romania	177.06	18098	2.166219807
Slovenia	1955.44	-329.41	0.1770695

Source: Authors' calculation on UNCTAD and World Bank data base

Doing Business Rank 2018

Country	Rank
Bosnia and Herzegovina	86
Albania	65
Moldova	44
Serbia	43
Montenegro	42
Kosovo	40
Macedonia	11

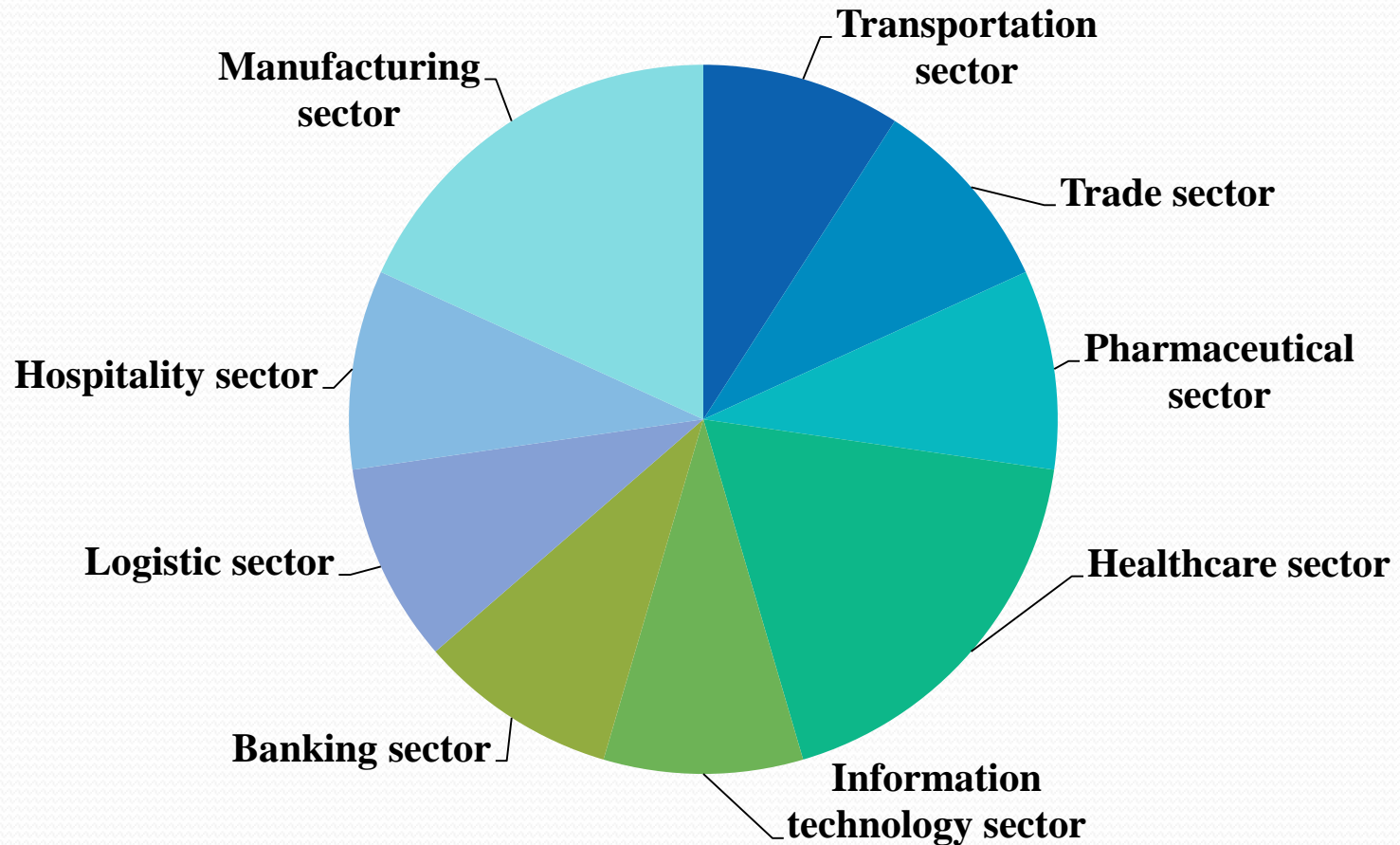
Primary research

- analyze the Turkish investments in the economy of B&H
- determine the economic impacts Turkish investments have on the economy of B&H
- determine benefits Turkish companies have from performing business in B&H
- provide set of recommendations
- limitation

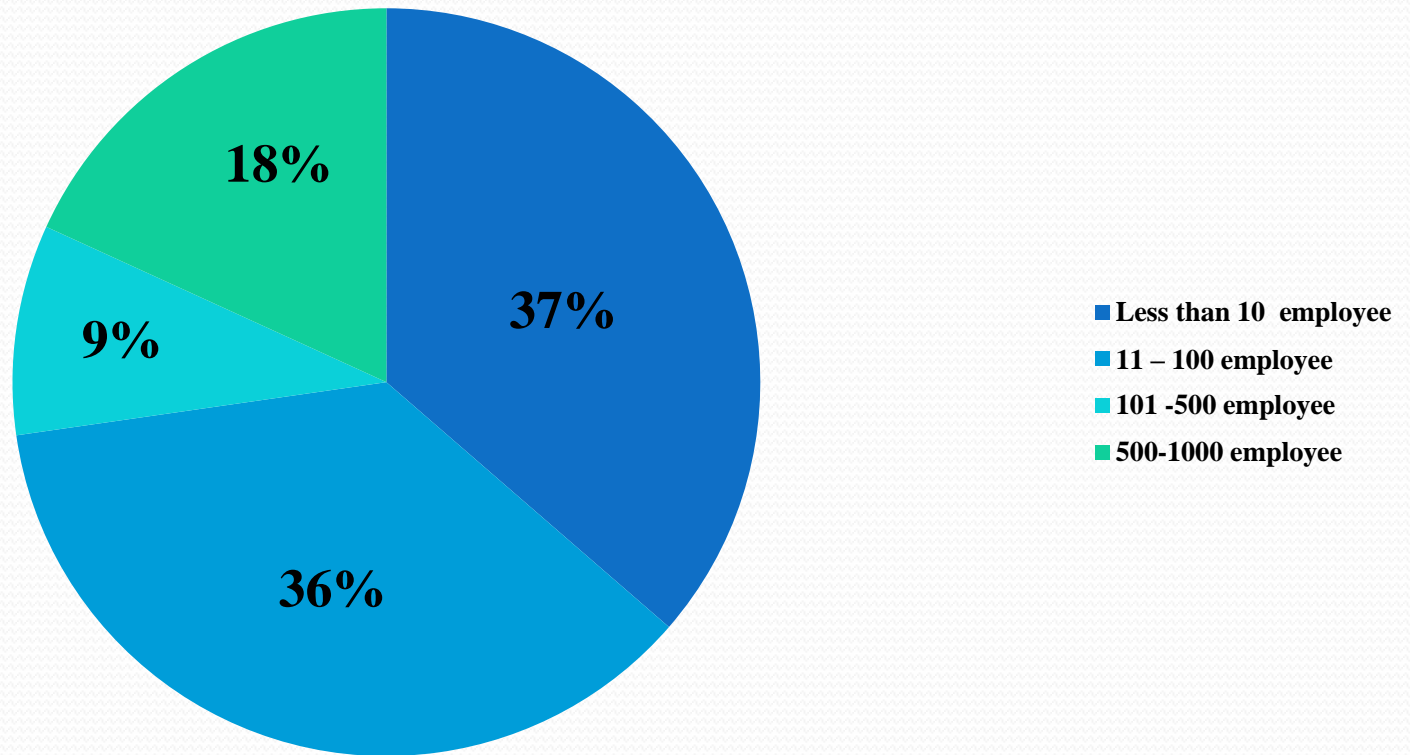
Questions

- What is the name of your company?
- What is the sector in which your company operates?
- When did the company start operating in B&H?
- Did your company start business in B&H through green field, privatization or other?
- What was the initial and subsequent investment volume?
- How many workers are employed by your company?
- How many Bosnian and Turkish workers are employed by your company?
- What is the company's profit?
- Do you buy anything (raw materials, machines) from B&H companies?
- Do the laws in B&H stimulate FDI?
- Are the laws in B&H favorable for business?
- What are your reasons for coming to B&H?
- What are your plans for future development?
- Are you engaged in any type of corporate social responsibility (sponsorship, assistance to schools, hospital, sport or donations)? and
- Is there anything else that you think is important?

Economic sectors



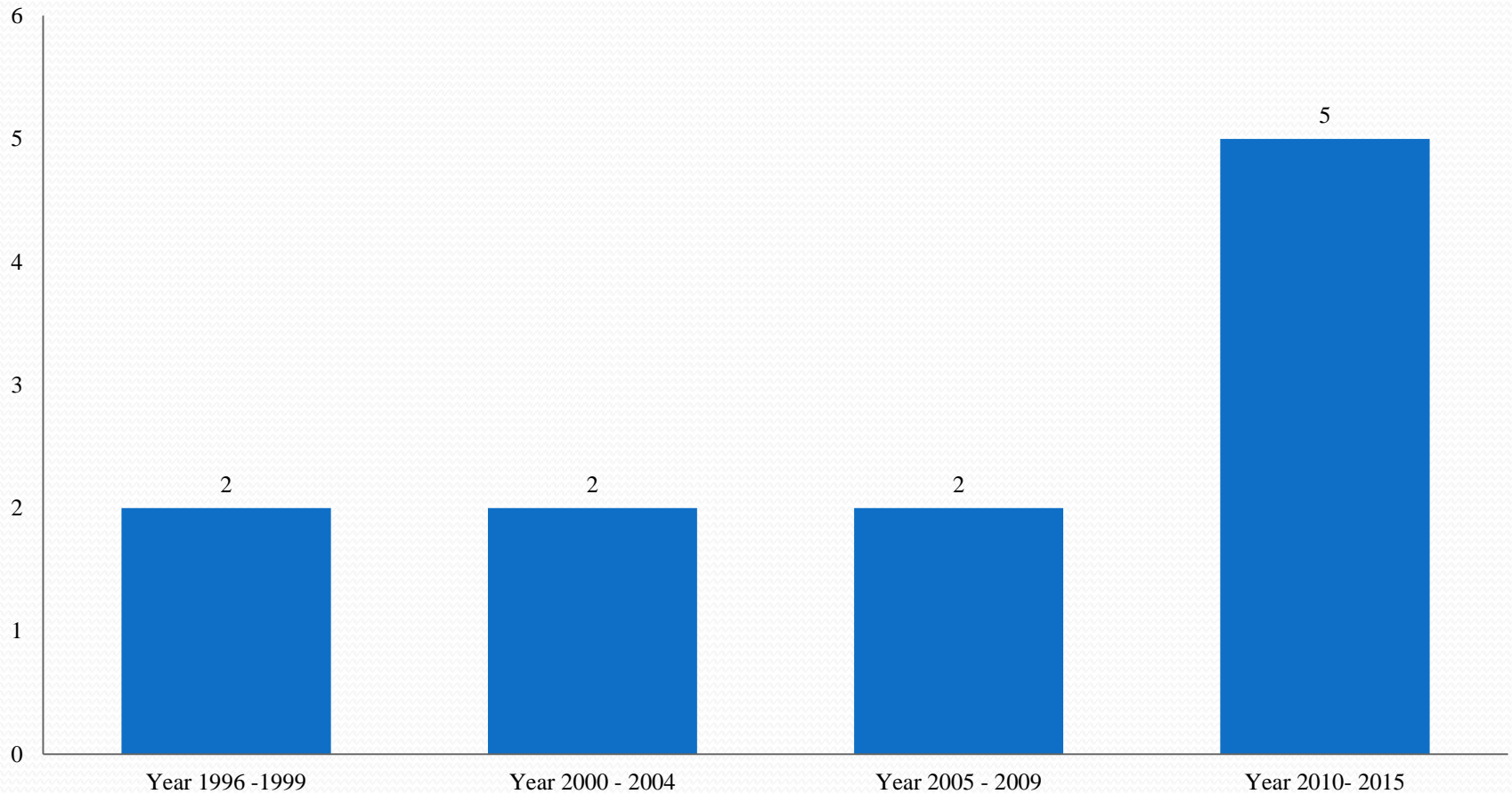
Size of Turkish companies



Ratio between B&H and Turkish employees

No. of B&H employees	Turkish employees	Total employees
1826	27	1853

Year of arriving Turkish companies in B&H



Export and B&H market oriented companies

- B&H as a market for Turkish products above 70%
- Turkish companies in B&H use highly educated work force, raw materials, water and energy in order to export finished products to other countries.
- Natron Hayat exports 90% of its production to 50 countries around the world.
- Sisecam Soda exports 99.9% of its production.

Reasons for investing

- Business reasons – primary
Expanding business, new business opportunities,
instability in Turkey
- Cultural ties, the natural beauty of B&H, and a safe
environment for families – secondary

Advantages

- Employees - well educated, skilled, have high computer literacy, speak foreign languages
Young and senior
Cheaper than US, EU, Turkey
- Raw materials, electric power and water
- Position of B&H close to EU
- Low costs of registration,
- Low requests for founding capital and
- Low corporate income taxes

Disadvantages

- too much bureaucracy,
- too many papers and procedures
- too many government levels
- incompetent people work in public administration
- employees in public administration do not have customer skills
- social security contribution too high
- lack of political support

Impact of Turkish companies

- Employment
- Taxes, rent for offices, furniture, adaptation, office supply, medical supply, oil for airplanes, cars, airport fees, food, various permissions, work and residency permits
- Exporting
- Transfer of knowledge
- Promotion of B&H
- Healthier population
- Social corporate activities

Benefits for Turkish companies

- Growth, development, future investments, diversification
- Safe and good environment for business
- B&H is potential candidate country for EU
- Favorable laws
- Multinational, regional and bilateral agreements
- Educated, skilled and cheap work force
- High quality raw materials, a good electrical supply system, abundance of water

Recommendations for B&H government

- Reform agenda to be implemented
- Political support should be provided
- Stable and favorable laws
- Social security contribution should be reduced
- Public administration at all levels should be urgently reformed
- Competent and responsible people should be hired
- The number and duration of procedures, quantity of papers regarding foreign investments should be reduced



Thank you for your attention!

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