

KOZARSKA DUBICA MUNICIPALITY  
OPŠTINA KOZARSKA DUBICA  
DEPARTMENT OF ECONOMICS AND SOCIAL ACTIVITIES



# INVESTOR'S GUIDE



 **LOKALNA AGENCIJA ZA RAZVOJ - KOZARSKA DUBICA**  
**LOCAL DEVELOPMENT AGENCY KD**  
Ul. Trebežina 3, 75240 Kozarska Dubica, RS-BiH

 **POSLOVNA ZONA**  
**LIPOVA GREDA**

**INVESTMENT**  
**EU PARADISE 2014** 





Dear Madam/Sir,

Our Municipality has always been an attractive place where young and educated people with its visionary and actions undoubtedly led to its great prosperity, primarily based on economic, educational and cultural development.

Today, unfortunately, Kozarska Dubica shares destiny of the whole Bosnia and Herzegovina and wider region, so economic growth is not able to follow needs of the so-called social superstructure.

However, the team of young and open minded people who lead the Municipality, stands in front of potential investors and partners with more optimistic approach.

Kozarska Dubica undoubtedly is at very attractive geographical location, because of border area with the Republic of Croatia and proximity to the highway Belgrade - Zagreb, representing "the input station" with South-East Europe. Also, there is a built touristic infrastructure, on which Kozarska Dubica puts hopes, as an exceptional natural resource for the development of rural and eco - tourism.

By adopting key documents, like „Development Strategy of Kozarska Dubica 2011-2020“, our Municipality has systematically been dedicated to upgrade the concept of development for the listed period, which makes proper base to be a good host in front of potential investors.

Dear reader, "Investor's Guide" pages are in front of You, as a proof that our offer represents the hand of partnership, that we are willing to share with You, with professional and efficient help and support of our team.

I sincerely hope that You, in lines in this Guide, will recognize Kozarska Dubica as open treasure box that we are ready to share with You.

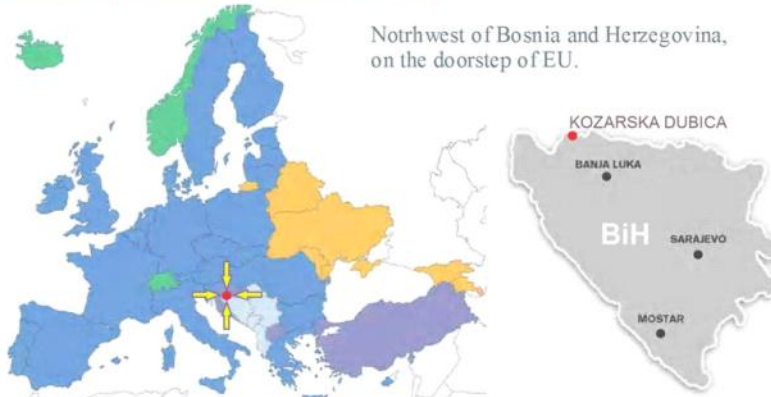
Mayor: Mile Zlojutro

A handwritten signature in cursive script, reading "Mile Zlojutro". The ink is dark and the signature is fluid and elegant.



## INVESTOR'S GUIDE - KOZARSKA DUBICA MUNICIPALITY 2014

### Attractive geographical – economic position



Northwest of Bosnia and Herzegovina,  
on the doorstep of EU.

In the valley of the Una river, at the confluence of Una to Sava river, in one way geographically belongs to Pannonian plain, and on the other to slopes of hilly, but gentle Kozara.

Agricultural land covers an area of 31.481 ha, which is 63% of total area of Municipality.

Highway A3 Zagreb - Belgrade 19 km.

On a traffic distance of only 50 kilometers with 5 borders crossing: Kozarska Dubica, Donja Gradina, Gradiska, Novi Grad, Kostajnica.

Municipality area has infrastructural protection from climatic and other natural forms of threat. The town is topographically conveniently positioned, effectively protected by dikes and network of channels from floods. Also, the 95% of municipality area has installed a hail protection system. Service of professional highly trained Fire Unit is available 24 hours a day.



	Banja Luka	80 km
	Sarajevo	320 km
	Zagreb	100 km
	Belgrade	322 km
	Vienna	505 km
	Trieste	361 km
	Budapest	451 km
	Sarajevo	330 km
	Zagreb	98 km
	Banja Luka	66 km
	Highway Zagreb - Belgrade	19 km



## INVESTOR'S GUIDE - KOZARSKA DUBICA MUNICIPALITY 2014

### WHY IS KOZARSKA DUBICA DIFFERENT FROM OTHERS?

Kozarska Dubica has references:

"MLIJEKOPRODUKT"- The biggest dairy plant and the center of dairy industry in Bosnia and Herzegovina

"DUBICOTTON"- The biggest spinning mill plant in South – East Europe

"ZEPTER" – Zepter International has its headquarters for B&H in

Kozarska Dubica

"NOVA MEHANIKA"- The biggest agricultural machinery production plant in B&H

"UNAPLOD" – The biggest fruit refrigeration plant in B&H

"HPK"- The biggest corn syrups production plant in this part of Europe

### INVESTMENT PRIVILEGES

ALL PERMITS POLICY: "Start to build in 15 days"

Free of charge and fast administrative services

24 - hours dedicated official for every investor

Help with all grant applications

Fixed local fees

Flexible Highschool education

### LOCAL ADMINISTRATION SUPPORT

By the Decision of the Assembly utility charges have been reduced by 60%

Discount up to 99% on the price of construction plots in the Business Zone

Local administration commitment to fast and effective action

### SERVICES TO THE INVESTORS

All Services in one place

Expedited procedures of registration, the licensing and the document issuing at the local level

Support in the process of obtaining various permits at higher levels

Precise Information about the laws and regulations relevant to investors

Quick responses to specific requests

Information about incentives and assistance in their implementation

Support to the implementation of specific projects

Post – project services



## DEVELOPED INDUSTRIAL SECTORS - RESOURCES AND INVESTMENT OPPORTUNITIES

### WOOD PROCESSING INDUSTRY

Significant quantity and quality of raw material base, annual allowable cut logging in the region of Prijedor in 2012. 124.800 m<sup>3</sup>

Excellent growth potential of forests

Available, low-cost and quality manpower

Tradition in wood processing for over 150 years

Existing primary wood processing enterprises with an annual installed capacity of 58.800 m<sup>3</sup>

Untapped biomass potential

### INVESTMENT OPPORTUNITIES

Greenfield investment in new plants for final processing and production of high quality wood furniture

Cooperation with existing companies to introduce new technology, better design and link with foreign markets and branding of local products

### FOOD INDUSTRY

Moderate - continental climate

The majority of the population lives in rural areas and traditionally is oriented towards agriculture

"UNAPLOD" - The biggest fruit refrigeration plant in BiH (capacity 10,000 tons)

Area of arable agricultural land in the municipality is 31.481 hectares, in the area of 40 km that goes up to 149.062 hectares

The annual milk production in the municipality is 6.000.000 liters, in the area of 40 km 20 million liters

In the area of the municipality 7.000 cattle, 3.300 sheep and 39.000 pigs are grown, in the area of 40 km about 25.000 cattle, 14.000 sheep and 90.000 pigs

### INVESTMENT OPPORTUNITIES

Greenfield investments in the construction of facilities for processing agricultural products

Construction of the plant for fruit, juice and other fruit products processing

At disposal 30.000 tons of apples annually, the second and third class, for which currently there is no processing facility

Construction of facilities for production and processing of meat products. There is no any major processing capacity in the area.

Construction of facilities for production and processing of vegetables

Joint venture for the modernization and expansion of production capacities of existing enterprises



## INVESTOR'S GUIDE - KOZARSKA DUBICA MUNICIPALITY 2014

### METAL PROCESSING INDUSTRY

Long industrial tradition

The company "MEHANIKA" was founded in 1978. and it was engaged in the production of agricultural machines and spare parts with about 1.000 employees

Qualified and available manpower

### INVESTMENT OPPORTUNITIES

Greenfield investments in new production facilities

Possibility for cooperation with existing enterprise FPM "NOVA MEHANIKA" on developing new products and implementing new technologies

### TEXTILE INDUSTRY

Long industrial tradition in this sector

In the early 90ies in company "Knežopoljka" 4.000 workers were employed.

Company had entire production circle closed, from cotton-mill to wearing apparel manufacturing.

Qualified manpower with extensive experience in the textile industry

Presence of the largest cotton-mill in Southeast Europe -Dubicotton

### INVESTMENT OPPORTUNITIES

Greenfield investment in production facilities for finishing fabrics, and plants for the production of fashion apparel, from raw material secured from the municipality area.

Establishment of partnerships with companies present in the municipality

### BROWNFIELD

In the municipality area there is more brownfield locations with useful individual business surfaces from 500m<sup>2</sup> to 4000m<sup>2</sup>.

### HUMAN RESOURCES

Qualified workers of the mechanical profession, of the wood processing and textile profession and other professional occupations, as well as highly qualified workers of various orientations.

Secondary school offers 7 technician degree courses and 6 craft occupations

Readiness to introduce new courses in accordance with the needs

The possibility of retraining/upgrading

### The available human resources according to educational profile, March 2014

Low-qualified	1.333	Technicians	813	University - 180 ECTS	94
Semi-qualified	112	Highly-qualified	26	University - 240 ECTS	86
Qualified	1.430	College	45	University - 300 ECTS	9



BUSINESS ZONE "LIPOVA GREDA"

By motorway, 19 km from highway

69 ha

79 lots/parcels

Complete infrastructure: to the plots

Available incentives; up to 99%





## Favorable Treatment of Foreign Investors

### **Foreign investors have equal rights and obligations as domestic investors**

Law on Foreign Investment (Official Gazette of the Republic of Srpska, number 25/02, 24/04, 52/11 and 68/13)

Rights and benefits for foreign investors may not be abolished or denied by passing subsequent laws or regulations,

Foreign investors may own real estate in the Republic of Srpska and enjoy the same property rights in regards with real estate as citizens and legal entities of the Republic of Srpska,

Foreign capital in equipment is exempt from paying import fees and customs duties (with the exception of passenger cars, slot machines and gambling machines),

Foreign investors may open accounts in any commercial bank in domestic and/or in convertible currency on the territory of the Republic of Srpska,

Foreign investors are free to hire foreigners, in accordance with legal decisions of immigration and labor laws in the Republic of Srpska,

The Law Amending the Law on Profit Tax provides for tax base reduction by the value of investment in equipment intended for own production activity.

Tax base reduction is provided also for employing 30 workers during a calendar year.

## Purchase of Real Estate and Registration of Ownership

In accordance with the Constitution of the Republic of Srpska, foreigners may obtain the right of ownership and rights arising from capital investment, as set forth by law. Ownership and other rights of foreign investors obtained and based on invested capital may not be limited or taken away by any law or other regulation.

In accordance with Article 12 of the **Law on Foreign Direct Investment Policy in BiH**, foreign investors enjoy the same real estate ownership rights as citizens or nationals of BiH.



## INVESTOR'S GUIDE - KOZARSKA DUBICA MUNICIPALITY 2014

### BUSINESS START-UP – Company Registration

Companies with a foreign investment are subject to equal registration treatment as domestic companies;

Local partner is not required for business start-up;

A business may take one of the following legal forms: general partnership, limited partnership, limited liability company, and (open or closed) joint stock company

#### PROCEDURE FOR COMPANY ESTABLISHMENT-Registration Steps (Single Member LLC with Minimum Equity of BAM 1)

##### 1.1 Visit to a Notary Office/Notary Certified Founding Act

The required documentation: The Founding Act/ The Company Statute and a copy of ID/ Passport  
The notary shall certify the signatures of the founder.  
The certification per signature costs BAM 5,00.

##### 1.2. Visit city hall



Certify copies of ID cards/Passports/ of the owner and responsible person (certification costs BAM 2,00 per sheet). Certify the signature of the future responsible person - BAM 10,00.

##### 2.1. One-Stop Shop at APIF



The required documentation: notarized founding act, certified signature of responsible person, certified copies of ID cards / Passports of owner and responsible person. Initial registration - is free of charge, publication in the RS Official Gazette BAM 35,00. Deadline for completion is 3 days.

##### 2.2. One-Stop Shop at APIF



Take the court certificate and notification of sorting in accordance with the activity classification from APIF.

##### 2.3. Seal Making



The average seal price is BAM 40,00

**Number of days: 5 days**

**Registration costs in BAM:**

Notary 10,00 BAM+certified copies of ID cards 4,00 BAM+ certified signature of responsible person 10,00 BAM, APIF fee 35,00 BAM, annunciation in the RS Official Gazette 35,00 BAM, seal 40,00 BAM = **132,20 BAM**



**THE PROCEDURE –  
Steps after completion of the registration process**

1.1. Visit the BiH Indirect Taxation Authority  
- VAT registration (customs, excise or forwarding)

The required documentation: certified copy of court decision, JIB, specimen signature card - fee BAM 40,00. Completed in up to 7 days.



1.2. Visit one of the authorized distributors of fiscal devices/cash registers-  
Fiscalization

Select a fiscal register and file the initial application for  
fiscalization.  
(650,00 – 1.800,00 BAM+monthly maintenance 12,00 BAM )



1.3. Visit Tax Administration - Registration of Employees

Visit Tax Administration in order to register employees using form templates, take the  
registration certificate from the RSTA.



**The most important privileges and exemptions for business entities operating in Republic of Srpska:**

- For machinery and equipment which is depreciated, deduction is allowed for accelerated depreciation, which is calculated for the first year 40%, the second year 30% and 30% for the third year;
- Tax base reduction is provided for the value of investment in equipment intended for own production activity, for investments in plants and immovable property;
- Tax base reduction is provided also for employing 30 workers during a calendar year;
- Profit tax is not paid for the following revenues:
  - Profits returned to the country of the foreign legal entities, which refers to his permanent place of business, provided that the foreign legal entity owns 10% or more shares in the foreign entity in the Republic of Srpska, with profits returned to the country means the remaining profit legal persons after paying taxes;
  - income in the form of interest on deposits;
  - income in the form of dividends;
- Interest for credits and loans used by residents for investment in equipment intended for own production activity, for investments in plants and immovable property;
- It is provided that is carried out synchronizing with the international agreements related to taxes on income and capital. If the beneficiary of revenues is resident of a foreign country and which is subject to profit tax that has entered into a agreement with Bosnia and Herzegovina in relation to profit tax, then the rate applicable to each such source of income can not exceed the tax rate of the international agreement.

Tax exemption or lower tax rate applies only if the entity, revenues beneficiary, provide the evidence of entitlement to exemption or applies lower tax rates based on international agreement;

Tax income rate is 10% and it is calculated and payed on the tax base for the fiscal year, which makes the profit reported in accordance with the Law.

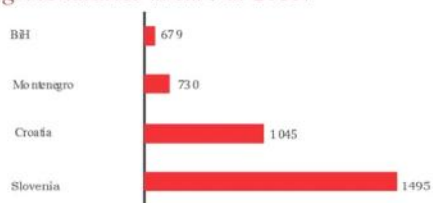


## INVESTOR'S GUIDE - KOZARSKA DUBICA MUNICIPALITY 2014

### SALARIES

Average salary in the Republic of Srpska is one of the most stimulating in the region.  
The relation between the quality of the manpower and the average salary is very favorable.

*Average gross salaries in euro in 2013.*



### COSTS OF UTILITY SERVICES

Average prices of utilities for business users in RS / BiH

Name	Unit	Costs (EUR)
Water with sewage	m <sup>3</sup>	1.59
Garbage collection	m <sup>3</sup>	102.07
Electric power – higher ( daily) tariff	kWh	0.047
Electric power – lower tariff	kWh	0.033
Monthly subscription for fixed telephone	subscription	8.91 - 9.81
Prices of fixed telephone (national calls)	minute	0.015 - 0.2
Monthly subscription for mobile telephone	subscription	8.97 - 53.84
Prices of Internet (ADSL)	subscription	11.37 - 29.91
Prices of mobile Internet	subscription	5.98 - 23.93



## Customs

Bosnia and Herzegovina customs system is regulated by a number of autonomous and international regulations, which are uniformly applied on the territory of BiH.

The Law on customs policies of Bosnia and Herzegovina regulates the main elements of the system for custom protection of Bosnia and Herzegovina's economy, rights and obligations of all subjects in procedures involving custom clearance of goods and passengers. Regulations define customs territory, customs line, customs frontier line, customs supervision, customs clearance procedures for goods and other institutes that regulate the customs protection system.

Customs tariff includes rates ranging from 0 - 15 %.

Customs regulations are applied uniformly on the territory of BiH.

Customs clearance procedure for goods imported into the customs territory of BiH, is conducted by the customs office where the goods have been registered for customs clearance.

There are four main regional centers in BiH:

- Customs office Banja Luka,
- Customs office Sarajevo,
- Customs office Tuzla,
- Customs office Mostar

### Home clearance

Upon approval of the Indirect Taxation Authority, a complete customs procedure can be done in the spaces of companies.

### Exemption from customs duties

Foreign investors may be exempt from import fees on equipment included in free trade which presents the investment of the foreign entity.

Import restrictions regarding equipment which is part of foreign investment.

Equipment imported into BiH as a foreign investment may not be older than 10 years. It is necessary to provide a certificate issued by a relevant authority which proves that the equipment meets the standards regarding environmental protection and protection at work.

BiH has signed the Agreement on free trade CEFTA with the following countries: Albania, Montenegro, Croatia, Macedonia, Moldova, Serbia and UNMIK/Kosovo. CEFTA agreement replaces and supplements the existing agreements on free trade with certain countries in the region. This enables more transparency and game rules comparable to EU standards, as well as access to market of around 30 million people.

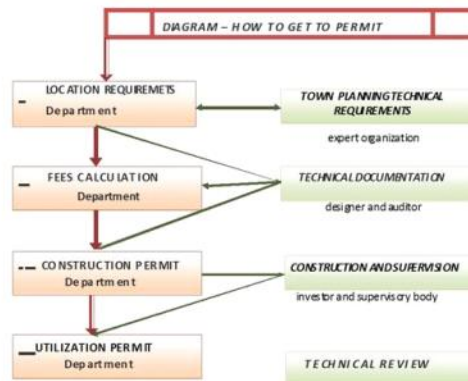
Also, agreement on free trade has been signed with Turkey, and preferential regime with countries such as: EU and Iran.



## Construction Permits

Required documents:

- Location requirements,
- Evidence of ownership or right to build (not older than 6 months),
- Three (3) copies of main design (prepared by the authority institution),
- Report on review of technical documentation,
- Environmental permit if necessary,
- Decision of establishing fee level for urban construction land development and one time rent, and evidence of payment of the established fee level, or contract on manner of settlement of those obligations,
- Other evidence set forth by special laws.



The procedure:

Responsible body in accordance with the Law, shall take the necessary actions:

- Verifies the completeness of the application and in case of incompleteness informs applicant of any possible supplements,
- Leads the conversation with all interested persons upon their request,
- Leads activities on the verifying of completeness of technical documentation and its compliance with the location requirements and is it prepared by the authorized person,
- Verifies the technical documentation,
- Creates the administrative act,
- Submits to the party the technical documentation and administrative act,
- Deadline for decision making ; 30 days

## THE BEST RECOMMENDATION - POSITIVE EXPERIENCES

Switzerland, Italy, France, Great Britain and Israel (amongst others) have discovered the potential of Kozarska Dubica

"So far we invested 32 million BAM in Kozarska Dubica, plus a new 9.5 million to establish a new plant that is in the execution phase .  
From the very beginning we had support from the local administration.  
Kozarska Dubica has the advantage of geographical location, proximity to the border crossing and accelerated procedure for issuing administrative permissions."

Drazen Vidovic, executive director of "DUBICOTTON"

"I am pleased with the work of our company in Bosnia and Herzegovina, with our workers and the support given to us by the local administration since our arrival in Kozarska Dubica 2004."

Jonathan Katzauer, owner of the company "Dempson Crooke"

## CONTACT:



**KOZARSKA DUBICA MUNICIPALITY**  
DEPARTMENT OF ECONOMICS AND SOCIAL ACTIVITIES  
Svetosavska 5, 79240 Kozarska Dubica  
Tel. +387 (0)52 416 019, fax. +387 (0)52 416 020  
[privreda@kozarskadubica.org](mailto:privreda@kozarskadubica.org)



## LOCAL DEVELOPMENT AGENCY

Trebinjska 3, 79240 Kozarska Dubica  
Tel. +387 (0)52 424 011, fax. +387 (0)52 424 010  
[larkd@mail.com](mailto:larkd@mail.com)

[www.kozarskadubica.org](http://www.kozarskadubica.org)  
[www.larkd.com](http://www.larkd.com)  
[www.poslovnazona.ba](http://www.poslovnazona.ba)  
[www.investmentparadise.net](http://www.investmentparadise.net)