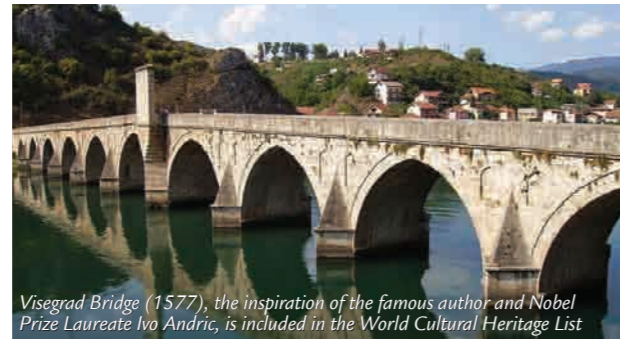




Republika Srpska hosted the 2009 World Rafting Championship on the Vrbas and Tara rivers



Visegrad Bridge (1577), the inspiration of the famous author and Nobel Prize Laureate Ivo Andric, is included in the World Cultural Heritage List



Largest gem among mountain centers is the Olympic beauty Jahorina mountain which has developed into a modern ski center

Quality of Life



Trebinje, a popular tourist destination is only 30 km from the Adriatic Sea



Top wines are produced in Republika Srpska, particularly in Southern Herzegovina



For its many parks, the main administrative and cultural center of Republika Srpska proudly bears the title "City of Greenery"

id

Location	Southeast Europe, Bosnia and Herzegovina (GMT +1)
Area	25,053 km ² , fertile plain in the north, mountains in the south
Population (2014 estimate)	1,421,310
Administrative center	Banja Luka (population about 250,000)
Political system	Parliamentary democracy
Climate	Mild continental, mountain, sub-mountain, and Mediterranean
Currency	Convertible Mark (BAM), €1 = 1.95583 BAM
GDP (2014)	€4.5 billion
GDP per capita (2014)	€3,174
Inflation rate (2014)	-1.3%



Geo-strategic Location

In the heart of the Southeast Europe, along Corridor X!

Republika Srpska is located in the heart of 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 Republika Srpska an ideal strategic location for export-oriented investors. By means of the Mahovljani international airport (very close to the biggest city of the Republic of Srpska, Banja Luka), this region is connected by air with more than 50 destinations worldwide through AirSerbia and Belgrade Nikola Tesla international airport. (Banja Luka - Belgrade flight takes about 50 minutes).

WWW.INVESTSRPSKA.NET WWW.VLADARS.NET

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invest in SRPSKA



Republic of Srpska Government



www.investsrpska.net

Cost-Effective Workforce

In 2014, the labour market in Republika Srpska covered 873,000 population of working age (15-64 years). One half of the employed is engaged in manufacturing, trade and public administration.

Almost 60% of persons seeking employment have secondary or higher education, and 30% of them are under thirty years of age. With the support of the Employment Bureau, investors may count on a competitive labor quality/price ratio.

The average net salary is 421 €. Salaries are lower in administrative and support service activities (below 250 €), and higher in the ICT and financial and insurance activities (above 600 €).



Stimulative Investment Policy



Foreign investors enjoy national treatment in Republika Srpska. Their rights are guaranteed by the Constitution. Among other things, this implies free profit transfer abroad, free employment in accordance with the law, and the right to acquire property. MIGA and 41 agreements on investment promotion and protection represent a reliable risk protection system for foreign investors.

The Republic of Srpska also enables incentive funds (both fiscal and non-fiscal) for domestic and foreign investors, both at the Republic and local level.

At the Republic level, the most important incentives are those allocated through the Employment Institute of the Republic of Srpska by means of various programs at web site www.zzzrs.net, and through the Regulation on requirements and manner of implementation of the employment support program.

The new Personal Income Tax Law (Official Gazette of the Republic of Srpska 60/15) stipulates taxation of income from foreign sources. It provides for significant tax reliefs for investors who obtain the status of a qualified investor.

At the local level, there are various forms of incentives concerning both local fees and services.

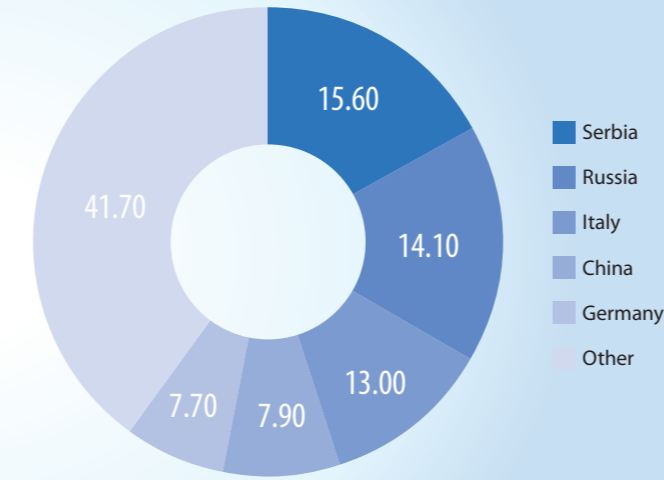
600 Million Consumer Duty-Free

Republika Srpska is a beneficiary of free trade agreements and enjoys a preferential export regime with many countries of the region and world:

- Central European Free Trade Agreements (CEFTA)
- Stabilisation and association agreement with EU
- Free Trade Agreement with Turkey
- Free Trade Agreement with EFTA (Switzerland, Norway, Iceland and Liechtenstein)
- Unilateral preferential regime with the USA, New Zealand, Switzerland, Norway, Japan, Russia, Kazakhstan, Belarus, Canada and Australia

The main foreign trade partners of Republika Srpska in 2014 are precisely the countries with which Republika Srpska has a preferential export regime – EU and CEFTA.

Republika Srpska Main Foreign Trade Partners in 2014.



Source: Republika Srpska Institute of Statistics

Free Trade Area

Low Operating Costs

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

The average net salary in Republika Srpska is €421, and income taxes and contributions amount to 33%. The Profit tax is 10%, and VAT is 17%. Income derived from dividends or share in company profits is exempt from personal income tax payment. Investors are exempted from payment of VAT on export of goods and services, investments in equipment and real estate, import for bonded warehouses and free zones. In order to boost the economy, also other forms of tax exemptions are offered, e.g. profit tax is reduced for the value of investment made in equipment, plant and property, and for the amount of paid income tax and contributions for newly employed workers, applicable to no less than 30 new workers in one fiscal year. Double taxation avoidance agreements have been signed with 39 countries of the world.

Business premises in Banja Luka are available for the price of €750 per m², or a monthly rent ranging from €5 to €50 per m².

The price of electricity in Republika Srpska is among the lowest in the region, averaging €0.044 /kWh in the last three years.



Top Five Industries

Food: In Republika Srpska, there is approximately one hectare of agricultural land per capita, well above the global average (0.24 ha per capita) and European average (0.40 ha per capita). Another advantage is reflected in unpolluted land, abundance of water as well as good conditions for irrigation.

Metal: Republika Srpska's largest exporters operate in the metal sector – as a result of competitive labor costs, good geographical position, low transport costs, and sources of raw materials. The metal industry has the largest share of total industry of Republika Srpska at about 17%.

Wood: Republika Srpska has a 150-year-long tradition of wood processing. Its absolute forest cover (50%) and total growing stock in net increment are reflected in its significant ranking in Europe. The total growing stock in Republika Srpska forests amounts to 183,013,000m³, comprising 35% conifers and 65% deciduous trees. The available annual cutting volume is about 2,677,978m³.

Tourism: Olympic mountain Jahorina and more than 200 registered thermal, thermo-mineral and low radioactive springs of healing waters make Republika Srpska an ideal location for development of sports/recreational and spa tourism. The Jahorina Master Plan provides for investments of €400m in development of tourism infrastructure. Republika Srpska has two national parks, Sutjeska and Kozara. The Sutjeska National Park includes Perucica, the only virgin forest in Europe with 8 glacial lakes, a large number of endemic plant species and varied animal world.



Energy: The Trebisnjica, Drina and Vrbas river basins represent an abundant hydropower potential of about 10,000 GWh annually, of which 70% is unused. Republika Srpska has significant coal reserves, and one-half of electricity is generated by coal-fired thermal power plants. Republika Srpska ranks among the most important electricity exporters in Southeast Europe.

Business Friendly Administration

The Government of Republika Srpska and local self-government units are investing significant efforts in reform of the administration and the creation of a business-friendly environment.

A business start-up in Republika Srpska now takes only three days, and costs less than €200. Modern laws on public-private partnerships, concessions, as well as the law on companies, ensure efficient greenfield or brownfield investments.

In order to improve and harmonize the local conditions for doing business with those in the other countries of Southeast Europe, since 2012, Republika Srpska is taking part in the regional program of Business Friendly Certification (BFC SEE), supported by the German Organization for International Cooperation (GIZ). In its 2011 Doing Business subnational report, the World Bank declared the city of Banja Luka a reformer in improving business environment in the Southeast Europe.

