

# MUNICIPALITY OF POSUŠJE

It is our goal to provide ongoing care to each investor. Come to us in full trust and together we will make your investment project even more successful



## INVESTMENT BROCHURE



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# INTRODUCTORY REMARKS FROM THE MUNICIPAL MAYOR

Dear investors,

It is my pleasure to present to you the investment brochure with all the benefits of investing into the Municipality of Posušje.

The Municipality of Posušje has recognised the importance of creating a positive business environment as one of the fundamental prerequisites for attracting investments. The investors in our Municipality have access to a friendly business environment and excellent business conditions crucial for the provision of services and the development of products competitive in both domestic and international markets.

Our dedication to this goal has already been acknowledged by numerous domestic and foreign investors who have been conducting successful business in our Municipality for many years now.

## MAIN BENEFITS OF INVESTING IN THE MUNICIPALITY OF POSUŠJE:

- Extremely favourable geographical and traffic location of the Municipality of Posušje
- Rich natural resources and long tradition in metal and plastic processing
- Quick access to markets with affordable transport costs
- Ongoing economic growth and a strong entrepreneurial spirit
- Favourable business environment for entrepreneurship
- Young and well-trained labour force with competitive pricing
- Competitive business costs
- Attractive and affordable investment locations
- Quick and efficient municipal administration
- Quality of life

It is our goal to provide each investor with continuous care. I would, therefore, like to invite you to come to us with full trust, and together we will make your investment project an even bigger success. We are here for you!

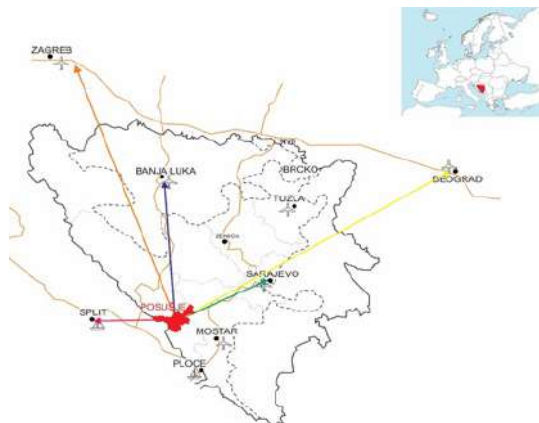
***Welcome to the Municipality of Posušje!***

Posušje Municipality Mayor  
***Branko Bago***

# WHERE ARE WE?

## GEO-TRAFFIC POSITION OF THE MUNICIPALITY OF POSUŠJE

The Municipality of Posušje is situated in the southwest part of Bosnia and Herzegovina (BiH) in the West Herzegovina County pertaining to the Federation of Bosnia and Herzegovina at the very border of Bosnia and Herzegovina and the Republic of Croatia (European Union). Good quality transport infrastructure gives access to global markets straight from the Municipality of Posušje.



## INTERNATIONAL ROAD TRAFFIC

The vicinity of the A1 Motorway (Zagvozd 29 km) running through Croatia, part of the Pan-European Corridor Vb (connecting the north and south of Europe with Croatian ports) and the future Pan-European Corridor Vc (connecting Central Europe with the Adriatic Sea) provides the investors with a fast access to regional, European and other markets.

## INTERNATIONAL AIR TRAFFIC

The Municipality of Posušje is connected to regional, European and world markets by air traffic through international airports in Split (111 km), Sarajevo (149 km), Dubrovnik (203 km) and Zagreb (475 km).

## INTERNATIONAL RAIL TRAFFIC

The investors have the opportunity to access rail cargo traffic via railway station in Mostar (56 km) as well as regional, European and other markets via Railtrack 11 from the Municipality of Posušje (Sarajevo – Čapljina – port Ploče (CRO)), which is connected to all other parts of BiH, the neighbouring countries and further through the railway track in Sarajevo.

## INTERNATIONAL PORTS

The Municipality of Posušje is connected with regional, European and world markets by sea and river transport through international seaports in Split (99 km) and Ploče (75 km), and international river port of Brčko (311 km).

# INTERNATIONAL BORDER CROSSINGS

## Border crossings with the Republic of Croatia

**Border crossing Gorica (Grude) - Vinjani Donji (RC) / 32 km** Category I border crossing in the road transport of people, all types of goods and transport means. This border crossing provides for the transport of fruit and vegetables that, in line with the legislation of the contracting parties, is subject to the market standards compliance control and health safety control during transport over the joint state border.

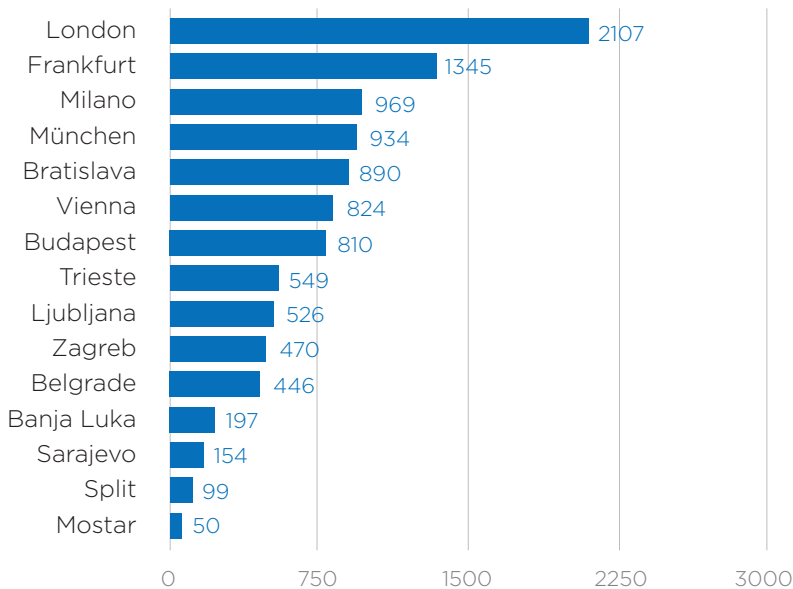
**Border crossing Osoje (Posušje) - Vinjani Gornji (RC) / 11 km** Category II border crossing for international road, goods and passenger transport.

**Border crossing Bijača (Ljubuški) - Nova Sela (RC) / 53 km** Border crossing for international road transport (passengers and goods) that in line with the contracting parties' legislation is subject to inspection controls of transport through the joint state border.

## Border crossings with Montenegro

**Border crossing Klobuk (BiH) - Ilino Brdo (MNE) / 190 km** Border crossing for international road, goods and passenger transport.

## Distance of Posušje Centre from regional and European centres (in km)



Source: Municipality of Posušje

# MUNICIPALITY OF POSUŠJE

## GENERAL INFORMATION

Surface (in km <sup>2</sup> )	461 km <sup>2</sup> (0,9% of BiH surface)
Centre	Posušje (17 settlements in total)
Population	20,477 (census from 2013)
Population	20,373 (latest estimates on 31.08.2017.)
Terrain	The Municipality of Posušje has a hilly mountainous terrain. It is located in the centre of West Herzegovina along the border with the Republic of Croatia.
Climate	Mediterranean and moderate continental
Altitude	675 alt.
Time zone	GMT +1
Currency	BAM (1€ =1.95583 BAM)
GDP per capita (€)	4.406 € (2013); average FBiH 3.675 €
Budget (€)	3.985.571,34 € (2018)
Unemployment rate (%)	39% (average in 2018)
Employed population	3.491 (2016.)
Unemployed population	2.289 (April, 2018)
Average gross salary (€)	624 € (March, 2018)
Average net salary (€)	408 € (March, 2018)
Profit tax (%)	10%
Value added tax (%)	17%
Income tax (%)	10%

*Izvor: Općina Posušje*

## LOCATION OF THE MUNICIPALITY OF POSUŠJE IN BIH

### ECONOMIC PROFILE OF THE MUNICIPALITY OF POSUŠJE

Business sector is the leader of economic development in the Municipality of Posušje. The economy is based on micro and small enterprises and trades and several medium and large enterprises, regional leaders in the processing industry. The total number of economic subjects and entrepreneurs is 643. Business activities of the majority of registered businesses in the Municipality of Posušje are mainly distributed across

several sectors: processing industry (metal, plastic, stone, meat and dairy products), civil engineering, wholesale and retail, services.

The economy of Posušje is showing continued growth of export. The most exported products are: water supply and sewage pipes, electrical cables, steel products, bauxite etc. The private sector employs over 50% of the total number of the employed in the Municipality.

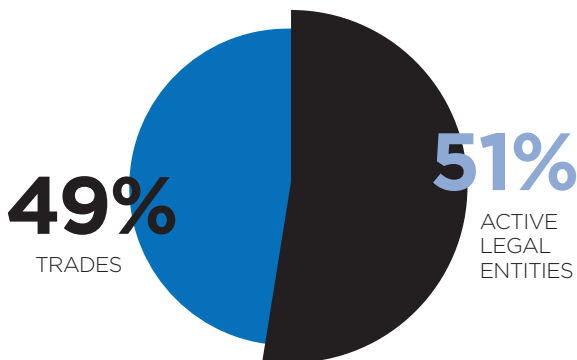
## Business sector in numbers

Number of registered legal entities	<b>643</b>
Number of active legal entities (ltd and plc)	<b>315</b>
Micro and small enterprises (up to 50 employees)	<b>305</b>
Medium enterprises (50-250 employees)	<b>8</b>
Large enterprises (over 250 employees)	<b>2</b>
Number of independent trades	<b>304</b>
Days required to register ltd (estimate)	<b>7</b>
Days required for location permit issuance (estimate)	<b>5 days (inv. guide); 30 days from completed request</b>
Days required for construction permit issuance (estimate)	<b>5 days (inv. guide); 30 days from completed request (Dept. for Property-Legal Affairs)</b>
Days required for use permit issuance (estimate)	<b>5 days (inv. guide); 30 days from completed request (Dept. for Property-Legal Affairs)</b>

Source: Municipality of Posušje

## Structure of economic entities

Source: Municipality of Posušje



## THE MOST PROMINENT ENTERPRISES

Company	Activity and market position	Number of employees
<b>Meggle d.o.o.</b>	Wholesale of milk and dairy products	75
<b>Vokel d.o.o.</b>	Trade: water supply, ceramics, sanitary equipment, central heating equipment	251
<b>Planet d.o.o.</b>	Trade: Distribution of consumer goods	191
<b>Weltplast d.o.o.</b>	Production of PEHD and PP pipes, PE foil and packaging	112
<b>Lager d.o.o.</b>	Production of lifting and transportation devices, trade in various machines and vehicles	93
<b>Mesna industrija Rakitno d.o.o.</b>	Meat processing, cattle and pigs breeding	75

Company	Activity and market position	Number of employees
<b>KTM Brina d.o.o.</b>	Civil engineering: construction, civil engineering, asphalt base	68
<b>Miviko d.o.o.</b>	Production of electric cables and wire, electric material trade	93
<b>Binvest d.o.o.</b>	Wholesale of alcoholic and soft drinks	116
<b>Euromaterijali d.o.o.</b>	Construction material trade	117

Source: Municipality of Posušje; Bisnode

## HUMAN RESOURCES

The investors have at their disposal various labour force profiles with professional and technical qualifications. The Vocational School in Posušje provides education for general, expert and craft professions. The Municipality offers

all assistance in the organisation of professional training and prequalification in line with the investors' needs. Students from the Municipality of Posušje are attending universities across BiH (398) and the Republic of Croatia (177).

## EDUCATIONAL INSTITUTIONS IN THE MUNICIPALITY OF POSUŠJE

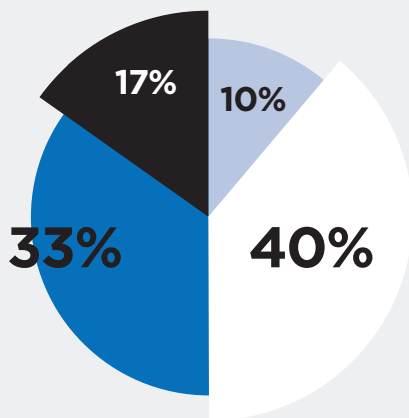
Type of educational institution	Number / Professions	Number of enrolments in the 1st grade in 2017/18	Number of enrolments in the 4th grade in 2017/18
Primary Schools	4		
Secondary Schools	Professions	136	140
Grammar School	1		
Vocational School	Economist	40	42

Type of educational institution	Number / Professions	Number of enrolments in the 1st grade in 2017/18	Number of enrolments in the 4th grade in 2017/18
Vocational School	IT technician in machine engineering	17	24
	Telecommunication technician	24	23
	Nurse / Medical technician	18	-
	Heating and air conditioning installer	20	16
	<b>Trades</b>		
	Waiters and chefs	17	26
	Hairdressers	-	-
	Heat and air conditioning installer	20	16

Source: Municipality of Posušje

## Structure of unemployed by education

- Higher education
- Vocational education
- Secondary education
- Primary education



Source: Municipality of Posušje; Federal Employment Bureau, Bulletin, April 2018

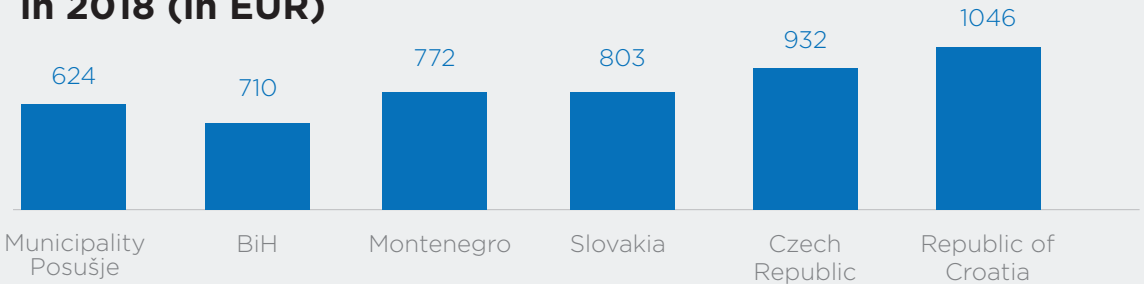


# COMPETITIVE COSTS OF LABOUR

The Municipality of Posušje, as an investment destination, boasts competitive gross salaries compared with other neighbouring countries. The labour market offers young and expert labour

force of technical, expert and general profile (engineers, processing technicians for metal, stone, plastic, machine engineers, IT, economists).

## Average gross salary in 2018 (in EUR)



Source: Municipality of Posušje



The Municipality of Posušje carries a tradition of agriculture, food and metal industry, plastic, stone processing, civil engineering and service and its focus is on entrepreneurial skills. The Municipality of Posušje is an educational and technological centre for stone, and Technological Park “Osrdak” (equipped with the latest CNC machines) is a regional educational and technological centre for metal and plastic processing.

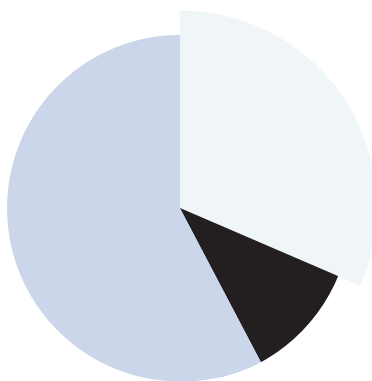
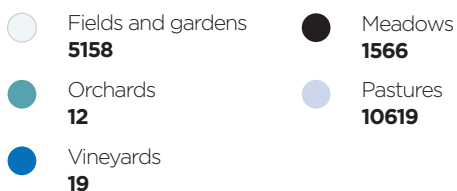


# AGRICULTURAL RESOURCES

In the Municipality of Posušje the investors have at their disposal approximately 17,374 ha of arable land. Clean air, unpolluted soil and favourable climatic conditions of Mediterranean

and moderate continental climate are beneficial for investing in agricultural production and food sector. The most common agricultures are wheat, potato and barley.

## AGRICULTURAL AREAS BY USAGE CATEGORY (ha)



Source: Municipality of Posušje

## THE MOST COMMON CROPS

Source: Municipality of Posušje

Type of crop	Surface area (ha)	Structure (%)
Wheat	122	25,96
Barley	85	18,09
Corn	23	4,89
Immortelle	70	14,89
Potato	120	25,53
Cabbage	50	10,64
<b>Total</b>	<b>470</b>	<b>100,00%</b>

# POTENTIAL INVESTMENT SECTORS

NAME	DESCRIPTION
Metal and plastic sector	Business activities of several business subjects in the Municipality of Posušje are focused on metal and plastic processing sectors. The future Technological Park Osrdak will promote work skills and complex product production, additional value comparing with metal and plastic.
Business opportunities	Investment in production facilities with ecological production in the processing sectors with added value (innovative metal and plastic products).
Mineral raw material (stone)	The Municipality of Posušje is rich in natural resources, especially bauxite and stone. It has around 3,000,000 tons of bauxite resources and ore deposits vary in size and are on average around 1,000,000 tons. The Municipality also has a significant amount of marl which is useful for the production of cement, and clay which can be used in industry.
Business opportunities	Investment in facilities for the production of calcium carbonate (CaCo <sub>3</sub> ) products.
Food sector	The Municipality of Posušje has 40,215 ha of meadows giving excellent opportunity for cattle breeding (goats and sheep). There is excellent potential in the development of goat breeding (meat, cheese, milk), the products that have a local and regional market with high prices.
Business opportunities	Greenfield investments in facilities for the production of goat meat, milk and cheese.
Tourist sector	The Municipality of Posušje is rich in natural resources and has good conditions for the development of various forms of tourism, especially the Nature Park Blidinje. The most important tourist locations are: Ski Centre Risovac, tourist hiking trail in Vučipolje, golf field Topala, Tribistovo Lake, Šimić Cave, Ričine Canyon, Mount Čvrstica (top at 2,228 altitude) and numerous archaeological sites.
Business opportunities	Potential and investment projects include the upgrade and construction of accommodation and hospitality facilities and various entertainment and services. The landscape and biodiversity of the area is shown in numerous plant and animal species which offers the possibility to develop educational, scientific, tourist, leisure and service activities.
Energy sector - renewable energy sources	The Municipality of Posušje is located in the sunniest part of Bosnia and Herzegovina with 2,200 sun-hours annually on average. The hilly parts of the Municipality (Tribistovo, Rakitno, Blidinje) are extremely windy and favourable for the use of wind energy. Herzegovina is an ideal location to invest in renewable energy sources from sun given that more than 1600 kWh of sun energy per 1 m <sup>2</sup> is released every year.
Business opportunities	Investment in renewable energy sources from sun and wind. The investors have access to zones Zavelim (200ha), Osoje (100ha), Oštrc, Poklečani for the development of solar field and wind parks.



# NATURAL AND CULTURAL RESOURCES

## NATURAL RESOURCES

**Nature Park Blidinje** - The area of Blidinje is a unique natural phenomenon. It has numerous endemic plant and animal species with plenty of fresh water springs. This area is famous for being one of the most populated habitats of the endemic Bosnian pine.

In addition to the numerous natural attractions, the park also has entertaining and educational events that attract many tourists and nature enthusiasts. The atmosphere of an ecological oasis attracts tourists and hikers during all four seasons. For leisure activities Blidinje offers: biking, horseback riding, hiking, skiing, quad rides, kayaking etc.

**Tribistovo** - This manmade lake is a drinking water supply system for all settlements in the Municipality of Posušje. Without this drinking water lake, life and existence in Posušje would not be possible.

A bathing area exists near the lake attracting many visitors.

**Šimića Cave** - Situated in Vučipolje, a speleological nature park of Posušje. Šimića Cave is a true karstic pearl, a highly developed and complex underground stream. It used to hold a water spring.

It was named after haiduk Andrija Šimić who used to stay in the cave.

**Žukovica** - The spring of this river is in the hamlet of Zagorje. Its inhabitants are using the water from the river to water the crops on their land. This area has been populated ten thousand years ago by our ancestors who lived in the cave known today as Žukovačka Cave located next to the waterfall. Pristine nature, cool drinking water, the smell of grass and the chirping of the birds – a place perfect for rest and recharge.

## CULTURAL AND HISTORIC LANDMARKS AND CULTURAL EVENTS

**Nekropola stećaka Bare** - Donje Bare necropolis is located on the southwest slopes of Mount Čvrsnica. The necropolis is a national heritage of BiH and it is consisted of 26 tombstones.

**Ričina Site** - Ričina is a significant archaeological site with evidence of life from the ancient history. It has an ancient barrow, tombstone necropolis from the Middle Ages and the later periods, and more modern remnants one of which is a stone bridge.

**Brižak Site** - The extraordinary significance of Gradac in Posušje in the late antique period is evidenced by the early Christian twin basilica, located at the locality of Brižak within an active Catholic cemetery. The basilica consists of the two churches, larger in the north and smaller in the south. It has a characteristic crypt or vaulted grave inside the larger church.

**Posuško lito** - Cultural and sporting event “Posuško lito” has a long year tradition and becomes the centre of Herzegovina in the beginning of summer. Its rich programme offers numerous cultural, sport and other events throughout the summer.

**“Festival klapske pisme”** - an event held within the “Posuško lito” and is the first festival of its kind in BiH. The festival is three days long and has more performers each year.

# COMPETITIVE BUSINESS COSTS

The national treatment of foreign investors in BiH and an extremely favourable tax environment - VAT rate of 17% and profit and income tax of 10%, are among the lowest in the region and Europe. In addition to the competitive labour costs, the local and foreign investors have access to additional tax (export, production, employment) and customs incentives.

Profit tax rate	10%
Added value tax rate (VAT)	17%
Income tax rate	10%

Foreign investors are entitled to tax reliefs (in line with the Profit Tax Law of the Federation of BiH) from the table below. Foreign

investors also have customs reliefs by being exempt from customs and customs fees for invested capital.

## TAX RELIEFS

Export	A taxpayer who shall realize the exports exceeding 30% of total income, within the tax year profit is determined for shall be exempt from profit tax for that year.
Production	A taxpayer investing in production not less than 20 million BAM over the period of 5 consecutive years in the Federation shall be exempt from profit tax during the period of 5 years, starting with the first year when taxpayer has to invest at least four million BAM.
Employing persons with disabilities	A taxpayer employing more than 50% of disabled persons and persons with special needs for more than one year shall be exempt from profit tax for a year in which more than 50% of disabled persons and persons with special needs were employed.

## APPEALING LOCAL INCENTIVES

Domestic and foreign investors also have access to attractive local incentives. The Municipality offers competitive prices for the purchase of construction land to the investors investing in the entrepreneurial zones of Osrdak and Vlaka, as well as delayed payment of utility fees for the newly constructed business buildings used for the operations of new companies in the Municipality. The investors in the Municipality of Posušje are given an opportunity of business cooperation

with the Businessmen Association of Posušje (a business network of 45 companies, 1,875 employees and 328 million EUR of income). A fast and efficient municipal administration handles all documents falling within its competence in 48 hours.

- Construction land price 2 BAM/m<sup>2</sup> (1 EUR/m<sup>2</sup>)
- 2 year grace period for utility fees for the newly constructed business buildingsobjekte

## CONSTRUCTION PERMITS

The Service for Property-Legal and Geodetic Matters and Cadastre, Physical Planning and Environmental Protection (Department for Physical Planning, Construction, Environmental Protection and Housing and Communal Affairs) is the competent municipal service for issuing permits (location, construction, usage).

Request forms with detailed information relating the respective permits are available at the Info Desk of the Municipality, the competent Service offices or can be downloaded from the request registry at the web site [www.posusje.ba](http://www.posusje.ba).

## ISSUANCE OF CONSTRUCTION PERMITS

No.	Type of permit	Time of issue (in days)	Cost (BAM/EUR)
1.	Location permit	30 days from completed request	100 - 200 BAM/m <sup>2</sup> (depending on the size, place and purpose)
2.	Construction permit	30 days from completed request	Zona Osrdak - 6 BAM/m <sup>2</sup> (business premises), 3 km/m <sup>2</sup> (storage space) + 150 BAM fee
3.	Use permit	30 days from completed request	Committee + 150 BAM fee

Source: Municipality of Posušje

## UTILITY PRICES FOR ECONOMIC ENTITIES

### WATER

1,17 €/m<sup>3</sup> (industry)

1,17 €/m<sup>3</sup> (homes)

### SEWAGE

Not available, only a collector is built

### POWER SUPPLY

144 BAM / KW of installed power for a connection to medium voltage network

### WASTE DISPOSAL

15 € monthly (industry)

4 €/up to 2 people (homes)

6 €/3 people and more (homes)

## TELECOMMUNICATION SERVICES

### LANDLINES

8,9 €

### MOBILE PHONES

8,9 €

### BROADBAND INTERNET

11,36 €

Source: Municipality of Posušje

# APPEALING INVESTMENT SITES

GREENFIELD SITE BUSINESS ZONE „OSRDAK“

## BASIC INFORMATION ON THE ZONE

Ownership structure	Public ownership
Zone surface (ha)	13,74 ha
Number of plots	24
Zone purpose	Production/Service
Permitted business activities in the zone	Production
Zone investment preparedness	Yes

## TRAFFIC CONNECTIONS

### DISTANCE (in km)

Access road	1 km
Motorway	Zagvozd (29 km)
Railway (industrial rail track)	Mostar (56 km)
Airport	Mostar (56 km), Split (109 km)
Seaport	Port Ploče (67 km); Port Split (99 km)
River port	Port Brčko (311 km)

## INFRASTRUCTURE

### AVAILABILITY OF INFRASTRUCTURE / SERVICES

Water	Yes
Sewers	No
Power supply	Yes
Gas	No
Telecommunication network	Yes

## OTHER ZONE INFORMATION

Number of enterprises	4
Enterprises	Meggle d.o.o., Iveral d.o.o., Kror d.o.o., Adeo d.o.o.
Number of employed	103
Local incentives for investors	Yes
Type of incentive	Land price incentives
Plots available for sale	12 plots available for sale
Price/m2	1 EUR/m2
Plot size (min/max)	All plots are around 4.000 m2
Permitted construction coefficient	0,50
Maximum permitted number of levels /stories	No limit
Permitted construction height (m)	No limit
Minimum distance from the neighbouring plot	Min 3 m
Plot development	Min 30% of plots are green areas
Maximum permitted fence/hedge height	max 2 m
Minimum number of park places	Not prescribed for individual plots
Access road width	6,4 m
Water cost (BAM/m3)	0,64 BAM/m3
Contact tel.	+387 39 681-035

Source: Municipality of Posušje

## GREENFIELD SITE ENTREPRENEURIAL ZONE „VLAKE“

### BASIC INFORMATION ON THE ZONE

Ownership structure	Public ownership
Zone surface (ha)	190,38
Number of plots	47
Zone purpose	Production-industrial
Permitted business activities in the zone	Production and industry
Zone investment preparedness	Yes
<b>TRAFFIC CONNECTIONS</b>	<b>DISTANCE (in km)</b>
Access road	Located on access road
Motorway	Zagvozd (31km)
Railway (industrial rail track)	Mostar (58km)
Airport	Mostar (58km), Split (111km)
Seaport	Port Ploče (67 km); Port Split (101 km)
River port	Port Brčko (313km)
<b>INFRASTRUCTURE</b>	<b>AVAILABILITY OF INFRASTRUCTURE / SERVICES</b>
Water	Yes
Sewers	No
Power supply	Yes
Gas	No
Telecommunication network	Yes

### OTHER ZONE INFORMATION

Number of enterprises	8
Enterprises: Mrvelji doo, M-gradnja doo, Vamant doo, Lončarplast doo, KTM Brina doo, Servis kamiona Božkanović, Euro granit doo, Karoserija doo	
Number of employed	158
Local incentives for investors	Da
Type of incentive	Land price incentives
Plots available for sale	19 available for sale (possibility to expand to free space)
Price/m <sup>2</sup>	1 EUR/m <sup>2</sup>
Plot size (min/max)	All plots are around 4000m <sup>2</sup> (depending on the investors' demands)
Permitted construction coefficient	0,50
Maximum permitted number of levels /stories	No limit
Permitted construction height (m)	No limit
Minimum distance from the neighbouring plot	Min 3 m (according to the competent service requirements)
Plot development	Min 30%
Maximum permitted fence/hedge height	Max 2 m
Minimum number of park places	Not prescribed for individual plots
Access road width	6,4 metres
Water cost (BAM/m <sup>3</sup> )	0,64 BAM/m <sup>3</sup>
Contact tel.	+ 387 39 681-035



# CONTACT FOR INVESTOR SUPPORT



## MUNICIPALITY OF POSUŠJE

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Web: [www.posusje.ba](http://www.posusje.ba)

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