

AGRICULTURE AND FOOD PROCESSING	BANKING AND FINANCIAL SERVICES	AUTOMOTIVE INDUSTRY	CONSTRUCTION INDUSTRY
<p>Although much of the country is mountainous, there are over 1.5 million hectares of agricultural land, both for crop growing and livestock rearing. The plains to the south and west of the Sava River offer ideal conditions for growing wheat, maize and vegetables, and industrial crops such as flax and hemp. Much of the land is free from chemical fertilizers and the routine use of pesticides. All these conditions provide a superb environment for the production of a wide variety of fruit and vegetables, with a possibility to harvest crops and fruits up to three times a year. A USAID Business Consulting Report identified great market potential for the BiH fruit and vegetable producers. There are an estimated 14 million trees producing plums, pears, apples and other fruits, for export and fruit-juice production. Given the potential of organic produce and pure water supplies, it is easy to understand why international food and drink producers and distributors have recognized the value of this sector. The warmer regions in Herzegovina have, for centuries, been the centre of wine production, tobacco farming and the cultivation of lavender and other aromatic herbs. BiH is also known for its high-quality medicinal herbs used in pharmaceutical and cosmetic industries.</p>	<p>Bosnia and Herzegovina is the first country in SEE that has completely reformed its banking system. Foreign banks have invested significantly. Hypo Alpe-Adria-Bank, ProCredit Bank, Raiffeisen Bank, Turkish Ziraat Bank, UniCredit Bank BiH, Sberbank, Intesa Sanpaolo Bank are all present in the country. Bosnia Bank International operates in accordance with Islamic banking principles. Currently, according to the Central Bank of BiH, foreign banks already own four-fifths of the banking sector, ensuring employment for almost 9,000 people. One of the leading international credit rating agencies, Moody's Investor Service, upgraded Bosnia and Herzegovina's rating from a 'positive outlook' to a 'stable outlook' in just two years. This more favourable credit rating for Bosnia and Herzegovina was awarded in light of the economic and institutional advances that have taken place since the ratings were first assigned in March 2004. The introduction of a deposit insurance agency and competition between well-established international banks in BiH has significantly influenced the growth of savings and lowered interest rates on loans. Meanwhile, the country's stock exchanges are enjoying a period of impressive growth. Still, the challenge for the future is to expand and diversify the range of financial services and intermediation, and other key segments of the market, such as insurance, creating new niches in the market. These developments will undoubtedly create even more business opportunities.</p>	<p>Given Bosnia and Herzegovina's rich and extensive tradition in the automotive industry, especially in production of auto components, BiH companies are renowned as suppliers of quality components. For decades, major brands have relied on the skilled workforce of BiH to assemble cars for western markets. A study by MIGA conducted in 2006 confirmed that BiH has numerous strengths in the automotive components industry, notably the availability of skilled labour in engineering and other technical areas, and well-developed in-house R&amp;D activities that make it competitive with some of Central Europe's highest performers. With ongoing efforts focused on upgrading capacity and quality enhancement, companies in the automotive cluster are looking for investment partners to expand production into wider international markets.</p>	<p>Bosnia and Herzegovina has always been a major player in the construction world. BiH companies have acquired a solid reputation in all aspects of construction projects, ranging from design to structural engineering, building construction, civil engineering and the production of high-quality building materials. The country abounds in natural resources such as timber, stone, gravel, sand, clay and metal ores. BiH's international reputation for quality and reliability, as well as its potential for growth, has been recognized by companies such as the Heidelberg Cement Group and Alas International (a consortium of Asamer &amp; Hufrnagl Group and Alpine Mayreder bau GmbH). There are significant clusters of construction businesses in all major population and commercial centers. They include design and technical consultancies, building and civil engineering companies, and building material manufacturers and suppliers. It is also expected that the sector - and thus opportunities for investment - will grow even further with the construction of the Corridor Vc highway that will connect Budapest with the Adriatic Sea.</p>
ENERGY	MINING	FORESTRY AND WOOD PRODUCTS	ICT
<p>Bosnia and Herzegovina is exploiting its naturally fast-flowing mountain streams and powerful rivers through the encouragement of hydroelectric power production. The theoretical potential of hydropower in BiH is calculated at 8000 MW, the technical potential 68 00 MW and the economic potential 56 00 MW. With an installed capacity of 2052 MW (53 % of the total electricity generated), hydropower is highly significant in Bosnia and Herzegovina, although its potential is far from being fully exploited yet (37% of its economic potential). The potential for investors in construction projects on the Drina and Neretva rivers and in the development of up to 100 small hydroelectric power stations on other sites is enormous. BiH, especially its southern part, has been identified as an excellent region for construction of wind generation plants. According to recent research conducted by domestic and international experts, wind potential of Bosnia and Herzegovina has a 30% higher utility coefficient than the EU average and the highest potential in the Balkan region. Furthermore, BiH has four major deposits of coal in the Tuzla region, in central Bosnia and Herzegovina, in Ugljevik and in the Gacko basin. The four thermal power stations in these areas, operating on domestically mined coal and lignite, are undergoing a full overhaul.</p>	<p>Exploration, exploitation and processing of natural mineral resources, such as silver, iron, arsenic, bauxite, barite, magnesite, pyrophillite, and gypsum, have a long tradition in Bosnia and Herzegovina. Additionally, BiH is the largest producer and exporter of zeolite in Europe. The country also has large deposits of coal and limestone, both essential for the metal production industry. There are investment opportunities in mining both to serve local processing industries and electricity generation, and for export. Recently, Mittal Steel - the world's largest steel producer - acquired Iron Mine Ljubija, and is currently exporting the majority of its production to the company's subsidiaries abroad. BiH has an important aluminium and steel processing industry. The major companies in this sector are Mittal Steel Zenica, Aluminij Mostar, Birae Zvornik and Jelengrad Banja Luka. With the exception of Aluminij Mostar, all of these companies are now in foreign ownership and have been subject to major restructuring that has transformed them into more productive and export-oriented enterprises. An independent study of the metal processing industry in Bosnia and Herzegovina conducted in 2006 by the Vienna Institute for International Economic Studies (wiiw) confirmed the positive outlook for the sector, with many companies planning significant increases in output and employment. Furthermore, two of the industry's heavyweights - Mittal Steel and Aluminij - are behind plans to develop a regional cross-border metal processing cluster. These developments are expected to have important spill-over effects that imply interesting prospects ahead both in metal processing and in related sectors and activities.</p>	<p>Of all the natural resources of BiH, its timber is best known; 50% of the country is covered in forests that can serve both the furniture and the construction industry. These forests have the potential to provide nearly 7 million m<sup>3</sup> of round wood per year on a sustainable basis. Beech, oak, ash, pine and fir as well as more specialized woods such as walnut, apple and cherry, are exported as raw material, half fabricated and finished products. The abundance of both hard and softwood as well as the low-cost, skilled labour force combined with manufacture facilities that have capacities for timber and furniture production that exceed domestic demand, make this sector export-oriented. Currently, the largest markets for these products are Germany and Italy but the potential to export to other countries is vast. Recognizing forestry and the wood sector as particularly attractive, the EBRD coordinated in 2006 a study to provide detailed analyses of investment opportunities in this sector. This study identifies an array of the attractive opportunities for foreign and domestic investors in the wood processing sector.</p>	<p>Bosnia and Herzegovina is committed to the development and capitalization of Information and Communications Technologies, being aware that this key sector plays a vital role in any modern economic structure. The ICT industry is developing and spreading within B&amp;H too, becoming one of the drivers of the economic growth. Therefore, the year 2010 is recorded huge increase of IT companies' number on approximately 2.000 compared with the 2003 when this number was approximately 300. While the small enterprises (up to 10 employees) were predominant in 2003, average number of employees increased on 26 in 2010. Bosnia and Herzegovina's ICT sector offers an array of opportunities to potential investors wishing to exploit their knowledge, sophistication, know-how and new business ideas:</p> <ul style="list-style-type: none"> <li>▪ ICT is an Emerging Sector in Bosnia and Herzegovina</li> <li>▪ The continued availability of high-quality engineering and science graduates at Bosnia-Herzegovina colleges and abroad</li> <li>▪ A competitive cost environment</li> <li>▪ Investing in Bosnia and Herzegovina's ICT Sector presents a doorway to Southeast Europe</li> <li>▪ Bosnia-Herzegovina must be EU compatible</li> <li>▪ Privatization opportunities of strategic ICT companies still exist</li> <li>▪ Availability of basic ICT infrastructure</li> <li>▪ Availability of a huge number of small IT companies</li> <li>▪ Cultural affinity</li> </ul>