

Coface Country Report

Bosnia and Herzegovina

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1. GENERAL INFORMATION

Bosnia and Herzegovina is a country in South-Eastern Europe, which borders on Serbia, Montenegro and Croatia. On 15 October 1992 it seceded from the Confederation of Yugoslavia. The ensuing Bosnia War ended with the signing of the Dayton Agreement on 14 December 1995. The Federal Republic of Bosnia and Herzegovina is comprised of the largely autonomous Federation of Bosnia and Herzegovina ("Federation") and the Republika Srpska ("Republic", „RS“) as well as Brčko, a special administrative district. The Federation is further divided into cantons and municipalities, while the Republic only has municipalities. Legislation and administration are for the most part independent. The only decisions made in Sarajevo are related to foreign and defence policy, monetary policy and international economic relations.

Form of government	Democratic Federal State		
Administrative organisation	Two entities: Federation of Bosnia and Herzegovina and the Serbian Republic (Republika Srpska) as well as the Protectorate District Brčko		
Area	51,129 km ²		
Population	4,025,476; density: 79 inhabitants/km ²		
Official languages	Bosnian, Croatian, Serbian		
Local currency	1 Convertible Mark (KM) = 100 Fening		
Capital	Sarajevo	520,000	inhabitants
Major cities/population	Banja Luka	250,000	inhabitants
	Tuzla	134,000	inhabitants
	Zenica	129,000	inhabitants
	Mostar	105,000	inhabitants
Ethnic groups	49% Bosniacs (Bosnians), 34% Serbs, 16% Croats, 1% minorities (Bosnian Roma, Jews)		
Religion	40% Muslims, 34% Serbian-Orthodox, 15% Catholics, 11% minorities (Jews and others)		
Raw materials	Iron ore, coal, salt, bauxite, lead, zinc, agricultural land		
Key sectors	Energy, motor vehicles		
Membership in international organisations	IMF, World Bank, EBRD, CEFTA, WTO (observer status since 1999)		

Country-Rating

Coface Rating
D

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Bosnia and Herzegovina has recorded steady economic growth since the war, but is still considered to be the least developed country in the region. Its greatest problem is the highly complex and overloaded administration that results from three more or less independent entities (the Federation, the Republic and Brčko) as well as the general absence of the rule of law in the country. The laws of the federal government and entities are often not properly implemented or executed, and corruption remains pervasive.

2.1 The Current Economic Environment

Economic growth in Bosnia and Herzegovina should slow during 2009 and 2010 due to a decline in exports and imports. The budget is tight, and the IMF has been asked to provide assistance. Unemployment is forecasted to increase beyond the current high level. A devaluation of the Convertible Mark will not be possible because the currency is pegged. In contrast, the Serbian Republic appears to be in better economic and financial condition. An inflow of capital will be required to stimulate and support further economic growth. In recent years the high current account deficit has only been mitigated by funds sent home by expatriate workers.

2.2 Economic Policies

Bosnia and Herzegovina is still faced with a number of major challenges, which include an excessive and inefficient public sector, bureaucratic hurdles for businesses and a fragmented labour market that reflects the ethnic divisions in the country. Coordination between the entities must be strengthened, and bank oversight and fiscal prudence are in need of improvement – as is illustrated by the decline in revenues during the previous year. The Federation accumulated EUR 133 million of debt in 2008, which resulted above all from generous payments to veterans and workers' disability pensions.

2.3 Business Locations

The major companies in Bosnia and Herzegovina are situated in and around Sarajevo and Mostar. The automobile subcontractor ASA is headquartered near Sarajevo, the metal producer Aluminij in Mostar.

2.4 Trading Partners

Bosnia and Herzegovina exports metals, textiles and wood products, above all to Croatia, Slovenia, Italy and Germany. These products make up 50% of all exports. Imports are comprised primarily of machinery, chemicals and foodstuffs, chiefly from the above mentioned countries. The EU is the main trading partner for Bosnia and Herzegovina with a share of roughly 50%. Austria is – after Slovenia – the largest investor according to invested volume.

2. ECONOMIC SITUATION

2.5 Economic Key Data

The following table indicates some key data of the economic development of Bosnia and Herzegovina.

Key data in USD mio.	2005	2006	2007	2008 (e)	2009 (f)
Economic growth (%)	4.3	6.2	5.5	5.3	3.0
Inflation (%)	3.6	6.1	1.6	8.0	5.0
Public sector balance (%GDP)	-2.2	-0.4	-3.3	-4.9	-5.4
Exports	2,555	3,381	4,243	5,400	5,900
Imports	7,454	7,680	9,947	12,400	12,700
Trade balance	-4,899	-4,298	-5,704	-7,000	-6,800
Current account balance (%GDP)	-17.8	-8.5	-13.2	-17.2	-17.2
Foreign debt (%GDP)	49.9	50.4	52.5	53.9	64.5
Debt service (%Exports)	4.5	6.2	4.6	5.5	5.4
Foreign exchange reserves (in months of imports)	3.7	4.8	5.0	3.2	4.0

(e) estimate

(f) forecast

Source: Coface.

The Convertible Mark was formerly pegged to the German Mark, but the peg was changed to the Euro in 2001. The average exchange rate was 1.96 KM/EUR.

Bosnia and Herzegovina is a democratic federal state with two constitutive entities. The presidium serves as the head of state. It is comprised of one representative each from the Croatian Bosnians, Bosniacs and Serbian Bosnians, and has a rotating chairmanship. The parliament has two chambers: the house of representatives and the people's chamber. The two constitutive entities have their own governments and parliaments, which are situated in Sarajevo and Banja Luka. In reality, sovereign authority in most matters is vested with the High Representative of the International Community – currently the Austrian diplomat Valentin Inzko – based on the so-called Bonn powers. This office was scheduled to be abolished in June 2008, but a final decision was postponed until October 2009. The most important political parties are the Party of Democratic Action, the Independent Social Democrats (SNSD) and the Croatian Democratic Association.

3.1 National

- President: rotating – Nebojša Radmanović (at present), Željko Komšić, Haris Silajdžić
- Head of government: Nikola Spiric
- Form of government: Federal republic

General elections in 2006 selected the Bosniac Haris Silajdžić from the Party for Bosnia and Herzegovina, the Serb Nebojša Radmanović from the SNSD and the Croat Željko Komšić from the Social Democrats to the state presidium. The SNSD had demanded a referendum over the independence of Republika Srpska, while Silajdžić was in favour of further integration.

The presidium is comprised of one representative each from the Croatian Bosnians, Bosniacs and Serbian Bosnians, and has a rotating chairmanship. The head of government and chairman of the council of minister is Nikola Spiric.

3.2 Bosnia and Herzegovina and the EU

The Council of the European Union approved the start of negotiations for a Stabilisation and Association Agreement (SAA) in November 2005, which was eventually concluded in December 2007. In September 2007, the EU and Bosnia and Herzegovina also signed an agreement to facilitate the granting of visas. Accession to the EU was formally defined as the most important strategic goal of the state's foreign policy in 2008. According to the European Commission, the country is moving toward membership in the EU but still suffers from a number of serious deficiencies such as complex government structures, fragmented policymaking, insufficient financial and personnel resources, inadequate coordination between the state and the entities and widespread corruption.

The 2008 to 2010 Multi-Annual Indicative Planning Document (MIPD) was adopted in September 2008. A total of EUR 75 million was reserved for 2008, and additional funds were made available to the High Representative. The focus of these efforts is to strengthen the rule of law and the public administration, promote economic and social development, and stabilise democratic structures.

3.3 Agreements with Austria

Austria has concluded the following agreements with Bosnia and Herzegovina:

- Agreement between the Republic of Austria and Bosnia and Herzegovina on social security (Federal Gazette BGBl. Nr. III 229/2001)
- Agreement between the Republic of Austria and Bosnia and Herzegovina on the promotion and protection of investments (Federal Gazette BGBl. Nr. III 229/2002)

The entities are largely independent with respect to legislation and, as a consequence, there is no real federal legal system. Important areas of the law such as corporate law are subject to different rules within the country. For this reason, careful attention must be paid not only to applicable federal laws but also to the laws of the Federation, RS and Brčko District when a company is established. The following information is focused primarily on the Federation.

4.1 Corporate Law

The most important regulations in the area of corporate law are found in the Law on Commercial Entities and the Law on the Procedure for the Registration of Legal Persons. The accepted corporate forms are the same in the Federation and the RS. However, the RS also has separate public entities that include companies in which the state holds more than 50% of the shares. Only the RS also permits the founding of non-listed stock corporations, whereby the relevant regulations in the Republic correspond more to the situation in Serbia than in the Federation. The most common corporate form is the limited liability company. All forms of companies are considered to be legal entities.

The RS passed a new law on commercial enterprises at the end of 2008, which took effect on 1 July 2009. It simplifies, among others, the founding of new companies by introducing a registration process that requires official approval for only certain types of business activity. This law also strengthened the rights of minority shareholders.

Legal Business Entity	Bosnian Name
Stock company	Dionicko drustvo (d.d.)
Limited liability company	Drustvo sa ogranicenom odgovornoscu (d.o.o.)
Limited partnership	Komanditno drustvo (k.d.)
General partnership	Drustvo s neograniceom solidarnom odgovornoscu (d.n.o.)
Non-commercial partnership	No information on the Bosnian legal name available at the present time.
Sole proprietorship	No information on the Bosnian legal name available at the present time.
Subsidiary, branch office	No information on the Bosnian legal name available at the present time.

Stock Company

A joint stock company may be founded either in a single step or through successive formation. The minimum capital of a stock company in the Federation is KM 50,000 (approx. EUR 25,543) and the minimum value of a share is KM 10 (approx. EUR 5.1). The founding of a single shareholder stock company is possible. A joint stock company with less than 50 shareholders and/or less than 100 employees is not required to have a management board and a supervisory board.

The minimum share capital in the RS is dependent on the company form, and equals KM 20,000 (non-listed stock company with a limited number of shareholders: approx. EUR 10,217) or KM 50,000 (listed stock company: approx. EUR 25,543). The minimum value of a share is KM 1 (approx. EUR 0.51).

Limited Liability Company

The minimum capital of a limited liability company in both the Federation and the RS is KM 2,000 (approx. EUR 1,022), and individual contributions must equal at least KM 100 (approx. EUR 51). Contributions may be made in cash, in kind or in the form of rights. The founding of a company by a single shareholder requires a special resolution. A company becomes a legal entity through registration. The number of shareholders is not limited. The registration process takes about 30 days and fees amount to KM 1,200 (approx. EUR 613).

Limited Partnership

There is no minimum capital requirement in the Federation. Contributions by limited partners are only possible in cash, and the unlimited partner is liable with all his/her private assets. Partners may be legal entities or natural persons.

Partnership

A partnership in the Federation requires at least two founders. There is no minimum capital requirement and contributions may be made in cash, in kind, rights or services. It must be registered if annual profits exceed KM 100,000 (approx. EUR 51,088). In the Federation legal persons can also be partners.

Non-commercial Partnership

The co-operative is of little importance for investors in Bosnia and Herzegovina.

Sole Proprietorship

No information is available at the present time.

Subsidiary, branch office

Regulations limit the business activities of a branch to representation, market research and advertising and informational purposes. In general, a branch office may not conduct independent business activities and is not considered to be a legal entity but a part of the foreign founding company. Since 1 July 2009, a new regulation in the RS allows foreign companies to found branch offices. However, this regulation contradicts the previous but still valid law and could result in substantial legal uncertainty.

4.2 Accounting and Annual Reports

Responsibility for these matters lies with the entities and, as a result, there are diverging regulations on accounting and auditing in the country. International Accounting Standards and International Financial Reporting Standards as well as the International Standards on Bookkeeping (ISA) apply in the Federation. Compliance is monitored by the Commission for Accounting and Auditing. Unlike Austria, the law does not make any distinction based on a company's size. In contrast to Austria, there are no disclosure requirements in the RS.

4.3 Tax and Customs Law

There are three distinct jurisdictions and administrative entities in Bosnia and Herzegovina: the Federation, the RS and the Brčko district. The tax rates and tax benefits are different in all three entities and there is no central tax administration. A centrally administered VAT regime was enacted at the state level on 1 January 2006, and changes were made in 2008 to harmonise corporate tax and income tax.

Corporate Income Tax

The tax rate in the Federation was amended as of 1 January 2008 to equal the 10% rate in RS and the Brčko District. Non-residents are subject to a 5% tax on dividends as well as a 10% withholding tax that covers profits arising from interest, license fees, tax consulting, insurance and telecommunications. All concessions granted under the old regime will remain in force during the entire period for which they were granted.

Income Tax

The Brčko District has a modern individual income tax system, which was introduced in 2004 and provides for a flat rate of 10%. The Federation enacted a new income tax law in 2008 that also calls for a flat tax of 10% and provides for deductions, among others, to reflect support payments and invalidity pensions. Prior to the passage of this law, income tax levied by the Federation was dependent on the type of income. The RS has maintained this structure, whereby the income tax ranges from 0% to 15% of the net wage.

Value-Added Tax

VAT has been levied jointly on behalf of all three state entities at a rate of 17% since 1 January 2006. This tax applies to turnover generated by the sale of goods and services as well as the import of goods. SMEs with annual turnover of less than KM 50,000 are exempt from VAT. VAT must be paid on a monthly basis, whereby input VAT is deductible.

Excise Duties

Oil and petroleum products, tobacco and tobacco products, alcohol and alcoholic beverages, soft drinks and coffee are subject to excise tax. The regulations do not differentiate between imports and exports.

Real Estate Taxes

The cantons are responsible for taxing real estate acquisitions. Rates differ only slightly and range from 5% to 8%. In addition, there is a net asset tax regulated by the cantons.

Communal Taxes

Communal taxes include a number of levies, e.g. on rental income, interest, royalties, company profits.

General Tax Incentives

The current system provides for generous tax incentives, including full exemption in tax-free zones for the first five years. Different regulations apply to the Federation and the RS. Companies that are wholly owned by foreign entities are exempt from income tax for the first five years. Joint ventures with a foreign share of more than 20% receive tax incentives in both the Federation and the RS, which are based on the ratio of the foreign investment. Investment assets are tax exempt in the RS.

Custom Duties and Trade Barriers

Tariffs in Bosnia and Herzegovina range from 0% to 15%. Most products from Bosnia and Herzegovina are given duty free status for the EU based on a preferential status granted in 2000.

4.4 Litigation

The judicial system in Bosnia and Herzegovina is weak, and its reform is one of the main preconditions for further support by the EU. The qualifications of judges as well as the financial situation of the court system require improvement. The risk of corruption is still widespread and there is a backlog of over 2 million undecided cases. It is therefore advisable to include arbitration clauses in contracts.

Civil Proceedings

The structure of the judicial system in Bosnia and Herzegovina reflects the structure of the country. There are courts at both the state and entity level. Thus, there are four parallel and separate jurisdictions in the State, the RS, the Federation and Brčko district including four different bar examinations for lawyers. Constitutional courts exist both in the state of Bosnia and Herzegovina as well as in the two entities. There is one ordinary court in Bosnia and Herzegovina, but a three-tier (ordinary) court system in the entities.

The Federation's civil procedure law was amended in 2003 and should accelerate civil proceedings. It now generally provides for two court hearings as well as the possibility of obtaining a default judgement.

Arbitration Proceedings

Bosnia and Herzegovina has ratified the New York Convention on the recognition and enforcement of arbitration awards. The International Arbitration Chamber of the Austrian Chamber of Commerce, of the International Chamber of Commerce or any other institutional arbitrator may be designated as the responsible jurisdiction. There is no bilateral agreement on arbitration with Austria. Reforms are also required in the arbitration and mediation sector.

4.5 Insolvency

Insolvency Law

The insolvency system was completely revised in 2003 based on the German Insolvency Act. There are now two nearly identical insolvency laws in the RS and the Federation. Both are superior to the old regime, since they provide foreign investors with greater asset security in Bosnia and Herzegovina. However, there are some differences between the two entities that may cause problems.

Bankruptcy in the RS automatically results in the legal termination of all employment contracts. In the Federation the bankruptcy manager must terminate the contracts, and this procedure can prove cumbersome. Moreover, RS companies in which the state holds a majority stake still require the consent of the government in Banja Luka to initiate bankruptcy proceedings.

The new system allows creditors – instead of the court – to decide on the fate of a company. The creditors may now choose reorganisation instead of liquidation. A company is deemed insolvent if it is unable to pay any of its debts within the period prescribed by law. The relevant period for assessing insolvency is 30 days in the Federation and 60 days in the RS.

Insolvencies

Insolvency proceedings have improved, as is reflected in an increase in the number of cases opened and concluded. However, progress has been slower in the application of insolvency law to the large number of insolvent companies owned by the state. This situation is confirmed by an increase in state assistance and public subsidies.

The current number of bankruptcy cases pending in the entire state of Bosnia and Herzegovina totalled roughly 400 in 2006. In the Federation, most cases occur in the larger towns such as Tuzla, Sarajevo, Mostar and Zenica. The number of pending cases is slightly lower in the RS. The average payout on recoveries in Bosnia and Herzegovina is 20% to 30%.

4.6 Securities

Creditors in Bosnia and Herzegovina are generally satisfied with the available securitisation. The common and available forms are largely influenced by the products offered by the (mostly Austrian) banks.

Mortgage

The use of mortgages is common in Bosnia and Herzegovina, and is generally considered to be very effective. The relevant agreement must be concluded in the form of a court deed and recorded in the land register. However, the register is not accurate and is therefore not completely reliable. The transfer of a mortgage does not require the consent of the property owner. A mortgage can be sold by auction, but the mortgaged property may not be transferred to the creditor.

Pledge

Bosnia and Herzegovina enacted a law on pledges in September 2004, which takes precedence over any conflicting laws in the entities. A pledge can be secured with regard to moveable goods in the (also future) property of the pledgor, and does not require possession. Registration is mandatory. A pledge is always realised through public auction and not through the transfer of ownership to the creditor. However, the realisation of pledge rights is problematic because of the different laws that are still valid in the entities – and the fact that the courts do not always respect the fact that these laws are subordinate to the pledge law of the entire state.

Guarantee

A variety of different (abstract) guarantees are available in Bosnia and Herzegovina. Bank guarantees are used frequently, but other Bosnian legal entities are also authorised to issue guarantees. Guarantees between parent and subsidiary companies or affiliated companies (upstream, downstream, cross-stream) are common, whereby capital maintenance rules must be considered.

Assignment of Claims

Creditors frequently use the assignment of rights as form of security. This requires compliance with disclosure rules and the specification of future receivables.

4.7 Labour Law

There is no uniform labour law in the country. However, the different regulations are generally consistent. The minimum wage in the Federation is 55% of the average monthly wage, which was EUR 560 in 2008.

Work Permits

Foreigners who plan to pursue a taxable occupation in Bosnia and Herzegovina require a work permit or an equivalent certificate issued by the competent authority. The employer must apply for the work permit or certificate, which will be issued for a maximum period of one year.

Termination of Contract

The accepted reasons for termination of an employment contract are limited, and include mutual agreement and the expiration of a limited term contract. In addition, both the employer and the employee may terminate the contract upon due notice.

Social Security Contributions

Contributions by employers equal 32% and contributions by employees amount to 11.5% in the Federation. In the RS social security contributions are not divided between the employer and the employee, and amount to 42%.

4.8 Acquisition of Real Estate

Foreign natural persons and legal entities who/which pursue an economic activity in Bosnia and Herzegovina are generally free to acquire land and property with the exception of so-called prohibited zones. Foreign nationals with a permanent residence may acquire property rights to building plots and housing, even if they do not conduct business activities. A company that is legally established in Bosnia and Herzegovina is not considered to be foreign. There are no notaries public in Bosnia and Herzegovina, and the certification of documents and deeds is still the responsibility of the courts and municipal authorities.

Despite the signing of a Stabilisation and Association Agreement with the European Union in June 2008, political risk in Bosnia and Herzegovina is still considered to be high. The country still suffers from institutional and ethnic fragmentation. The necessary structural changes, above all relating to the constitution, could again be stalled.

5.1 Market entry

The procedures for obtaining building permits and registering real estate were accelerated, but the issuing of licenses, execution of contracts, employment and the payment of taxes remain difficult and complicated. Corruption is still widespread in Bosnia and Herzegovina; it represents a serious problem that also involves government circles. Although a national anti-corruption strategy was developed in 2006, it has not yet been properly implemented and there is no independent agency to combat corruption. In particular, the RS is working to block efforts in this area.

Travel and residence for foreign nationals are regulated on the state level. Austrian citizens do not require a visa. Limited (one year with a possible extension) or unlimited residence permits may be obtained. There are quotas for immigration, which include exceptions for certain professions (e.g. key personnel).

5.2 Conditions of Payment

In order to rule out default, advance payment or an irrevocable letter of credit from a western bank is recommended.

Retention of Title

The retention of title can be agreed in writing. In the Federation, this agreement must take the form of a notarised document to be effective in the event of bankruptcy or a pledge to third parties. The retention of title for a movable object can also be recorded in the register of pledges (see page 14).

Banking System

The banking system in Bosnia and Herzegovina is relatively well developed, and plays an important role in economic growth through dynamic lending activity. Nationals and foreigners are allowed to hold bank accounts in KM or in foreign currency.

5.3 Collection Procedures

There is no court-ordered dunning procedure in Bosnia and Herzegovina. Court proceedings are therefore required to collect receivables.

The fast transfer of outstanding receivables to a local collection agency is urgently recommended. Coface Central Europe has an extensive network through the entire CEE region and cooperates with partners throughout the world.

5.4 The Investment Climate for Foreigners

Foreign investors have equal status with domestic investors in Bosnia and Herzegovina. The relevant laws at the Bosnia and Herzegovina level are the Law on the Policy for Foreign Direct Investments and the Guidelines on the Registration of FDI. Investments by foreigners (minimum of 10% foreign share) must be registered with the Ministry of Foreign Trade. The government supports foreign investments with a number of measures, including exemption from customs duties, equal status with regard to real estate acquisitions, and the right to open bank accounts in KM or the convertible foreign currency of choice. A Foreign Investors Support Fund was created in February 2008, which distributed EUR 1 million in funds to qualified investors during that year. The following branches are not eligible to receive distributions from this fund: the retail trade, catering, banking and insurance.

The major obstacles to investments include licence requirements, the registration of property, the enforcement of contracts and taxes. Considerable red tape obstructs market entry and exit, and makes it difficult to do business.

Foreign exchange rules have been liberalised to a substantial degree. There are no restrictions on the import or export of foreign currencies. National companies can obtain FX credits in other countries, but the transfer of KM outside Bosnia and Herzegovina requires approval by the Ministry of Finance.

5.5 Risk Assessment

A fixed exchange rate and the implementation of reforms in key areas, e.g. the financial system, have allowed Bosnia and Herzegovina to realise strong growth without excessive inflation in recent years. In 2008 the economy was supported by consumer spending, an increase in real wages and a high volume of lending. In 2009 the construction branch should profit from infrastructure investments, while consumer spending is expected to decline slightly. However, there are signs of approaching weakness in the form of shrinking export markets and rising interest rates as well as limited access to financing.

The pro-cyclical budgetary policies of the government, strong domestic demand and rising prices for energy and food were connected with an alarming increase in the current account deficit. Against the backdrop of the global economic crisis, the financing of this deficit could prove to be difficult. Imports will continue to exceed exports by a substantial margin, even if the former grow at a slower pace. Exports have been strengthened by productivity increases, but are still not diversified as much as necessary (nearly 50% of basis metals, ores and timber) and are influenced by price developments on global markets.

6. CHECKLIST FOR BUSINESS OPERATIONS IN BOSNIA AND HERZEGOVINA

The following table shall summarize relevant information for investors and exporters. It does not claim completeness.

Corporate law	<ul style="list-style-type: none"> ■ Competence of the entities ■ Business-friendly registration procedure in the RS ■ Minimum capital stock company: KM 50,000 ■ Minimum capital limited liability company: KM 2,000
Taxes	<ul style="list-style-type: none"> ■ 17% VAT administered by the central government ■ 10% income tax in the Federation and Brčko, up to 15% in the RS ■ 10% corporate tax in the Federation, RS, Brčko
Investments	<ul style="list-style-type: none"> ■ Equal status for foreign investors ■ Registration of investments mandatory ■ Variety of investment incentives
Foreign exchange	<ul style="list-style-type: none"> ■ No restrictions
Labour law	<ul style="list-style-type: none"> ■ Average wage: EUR 560/month ■ Work permits required
Customs	<ul style="list-style-type: none"> ■ Duty free access to the EU
Travel and residence	<ul style="list-style-type: none"> ■ No visa requirement for Austrians ■ Residence permit required

7. OTHER USEFUL CONTACTS IN WEB

At the following organisations and their websites you will find additional information on Bosnia and Herzegovina.

Foreign Ministry (only available in English)	http://www.mvp.gov.ba
Government of the Republika Srpska (only available in English)	http://www.vladars.net
Government of the Federation of Bosnia and Herzegovina (only available in English)	http://www.fbihvlada.gov.ba
Parliament of the State (only available in English)	http://www.parlament.ba
Central Bank (only available in English)	http://www.cbbh.ba
High Representative (only available in English)	http://www.ohr.int
Agency for the Promotion of Investments (only available in English)	http://www.fipa.gov.ba

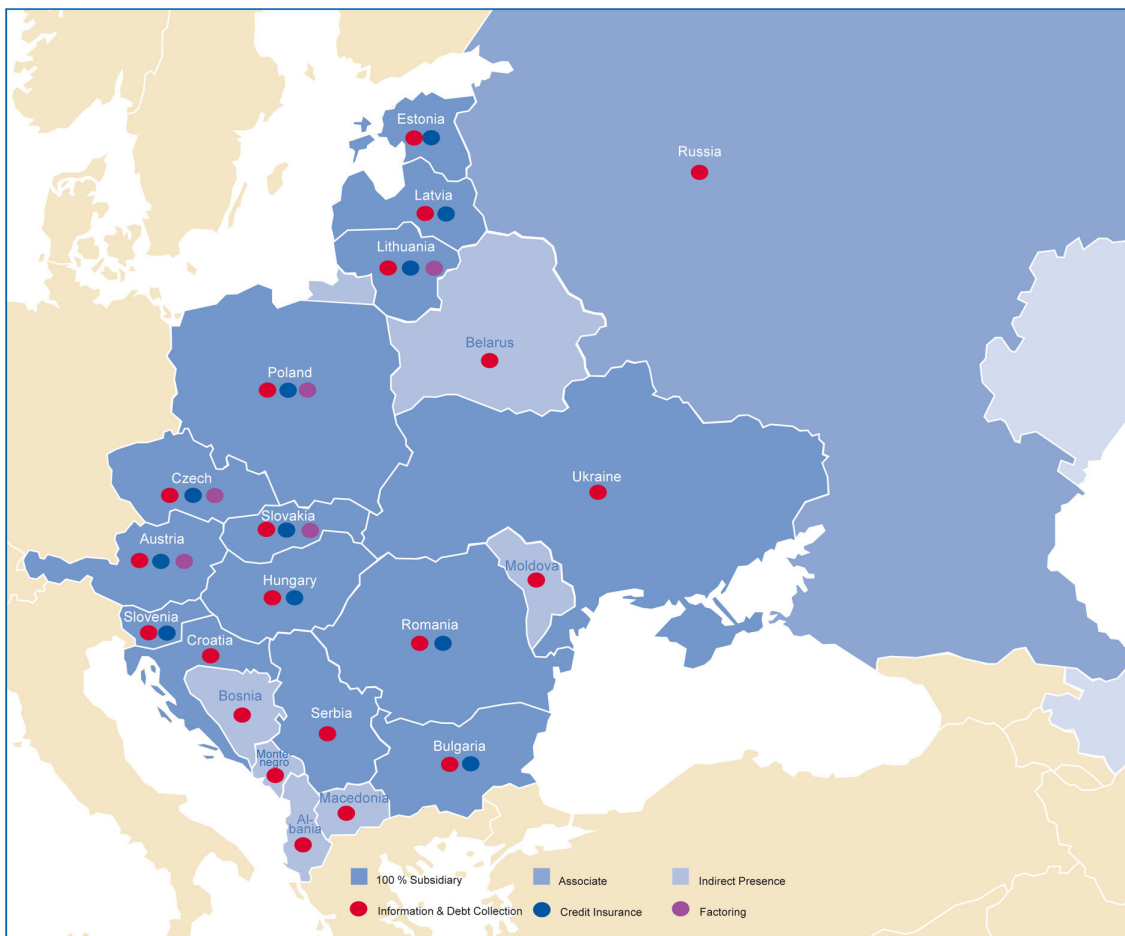
8. THE COFACE OFFERING

Coface Austria – with its registered headquarters in Vienna and branch offices in Poland, Hungary, Lithuania, Latvia, Slovakia, Czech Republic, Romania and Bulgaria – has been the domestic market leader in credit insurance since its founding in 1954. In 1997 Coface Austria became a subsidiary of the French Coface and thereby an integral part of one of the three global players on the credit insurance market.

The sister company Coface Central Europe has been the market leader for business information in 13 Central-European countries for over 20 years. Additionally, collection services are offered throughout the entire region. Coface Central Europe is a joint venture between Coface (75%) and KSV1870 (25%). Vienna has served as the Coface Group headquarters for Central and Eastern Europe since 2002, and the region now has a workforce of more than 700.



Our geographic presence and performance list



Risk Management from a Single Hand

Are you looking to increase the security of your business transactions? Coface Credit Insurance

Coface makes sure your business runs smoothly by helping you to prevent the loss of receivables. Our experts in countries throughout the world analyse the development of economies and companies. The well-known Coface rating systems provide an overview of the risks associated with deliveries and thereby stabilise the flow of goods and services – and if one of your customers becomes insolvent, Coface Austria will provide compensation for up to 80% of the insured receivables.

Size of customer (revenues in EUR)	Coface Smart	Coface Best	Coface Advanced	Coface Glob-alliance	Coface Capital-Goods	Coface Single Risk
XL: > 1 bill.				•		•
L: 50 mill. - 1 bill.		•		•	•	•
M: 5 - 50 mill.	•	•	•		•	
S: < 5 mill.	•	•	•			

Are you looking to stabilise your liquidity? Coface Factoring

Stable liquidity creates the necessary flexibility for entrepreneurial decisions. Coface factoring provides you with key support through the purchase of customer receivables and immediate payment for up to 90% of the outstanding balances. We also carry the risk of default for insured receivables. That helps you significantly reduce the risk of default and safeguard the success of your business over the long-term.

Are you looking to acquire state-of-the-art information? Coface Information

The credit standing of your customers and the reliability of your suppliers are decisive factors for long-term success. With its @rating company risk analysis, Coface introduced the first worldwide credit insurance rating system. The foundation of this information is a unique database with over 50 million data sets. It allows you to protect your business transactions at the click of a mouse and base your decisions on up-to-date facts and figures that are accessible at any time.

Are you looking to save time and money? Coface Collection

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