

MODRIČA MUNICIPALITY

INVESTMENT BRIEF



“ Invest in Modriča, we will be your best business partner and even better host! ”

Modriča Municipality is located in the northeastern Bosnia and Herzegovina (BiH), in the entity of Republika Srpska (RS), on the right bank of the Bosnia River.

SURFACE AREA: 363 km²

POPULATION: 27,799

CLIMATE: Temperate cotinental, average temperature 12.5 °C

TIME ZONE: Central European UTC+1

MAYOR: Mladen Krekić

ADDRESS: Vidovdanska 1, 74480 Modriča

ENTITY: Republika Srpska

WEB ADDRESS: www.modrica.ba

E-MAIL: nprivreda@modrica.ba

TEL: +387 53 810 511



Position of Bosnia and Herzegovina (BiH) in Europe



Position of Modriča Municipality in Republika Srpska and BiH

WELCOME TO MODRIČA!

- Modriča Municipality has great potential for investment, development and profitability of your business. We offer you attractive locations in the entrepreneurial zone with the surface area of 182.27 hectares just 2 km away from the Vc Corridor, and four facilities with developed infrastructure for greenfield and brownfield investments and joint ventures.
- The geostrategic position in the immediate vicinity of the border with the Republic of Croatia/European Union (distance of 20 km to the Šamac Border Crossing), long tradition in the chemical, textile and footwear sectors, entrepreneurial experience, human potential, and extensive potential for tourism development distinguish Modriča as an investment destination.
- The agricultural arable land accounts for almost 2/3 of the land area (62% or 198 km²) in Modriča Municipality. High-quality plough land, tradition in agriculture and favorable climate conditions represent attractive business opportunities for production and processing of fruits and vegetables, milk and dairy products, and meat and meat products.
- We provide incentives to investors by ensuring efficient and swift operation of the local administration and public enterprises, and through highly-developed cooperation with the private sector.

TRADE LOGISTICS AND INFRASTRUCTURE

Modriča Municipality has very favorable position for transport of goods and services. It is situated directly on the route of the future Corridor Vc highway linking Central Europe and the Adriatic, along the track Budapest (Hungary) – Osijek (Croatia) – Sarajevo (BiH) – Ploče Port (Croatia).



Distance from border crossings with the Republic of Croatia/ European Union	Orašje - international border crossings of Category I in road transport (transport of persons, all types of goods, and transport means) <i>Over this border crossing it is also possible to transport fruit and vegetables that, in compliance with the legislation of contractual parties, are subject to inspection of compliance with market standards and determination of adequate health status in the course of transport over the common state border.</i> Šamac - international border crossings of Category I in road transport
Major roadways linking Modriča with BiH and the region	Arterial roads: M17 Šamac – Modriča – Sarajevo and M14 Modriča – Gradačac – Bijeljina, connected with the Zagreb (Croatia/EU) – Belgrade (Serbia) highway – distance 37 km
Railway traffic	Belgrade (Serbia) – Banja Luka Sarajevo – Budapest (Hungary)
Distance to the airport	For passenger traffic: Tuzla – 75 km; Banja Luka – 130 km For passenger and cargo traffic: Sarajevo – 186 km; Belgrade (Serbia) – 189 km; Zagreb (Croatia) – 244 km
Distance to port	Šamac (Sava River) – 20 km Brčko (Sava River) – 53 km Ploče (Seaport in Croatia) – 374 km



HUMAN RESOURCES

Total employees 4,516, of which:

- 840 employed by entrepreneurs
- 3,676 employed by legal entities

Total business entities 1,715, of which:

- 862 entrepreneurs
- 853 legal entities

Currently 3,581 persons are job seekers and they could be trained or retrained in accordance with needs of employers.

Education level	Chemical industry	Agriculture	Metal sector	Textile, Leather And Footwear Sector	Wood sector
Skilled worker	29	10	175	93	45
Secondary school degree	31	87	3	16	15
Associate degree	0	3	0	2	0
Higher education degree	1	7	0	0	0

Source: Modriča Employment Bureau 2015

- Education in the Secondary School Center in Modriča includes a general curriculum, several four-year vocational profiles (administrative technician, electrical technician, agriculture technician and chemical technology technician) and six tradesmen profiles (auto mechanic, auto electrician, electrician, typist, locksmith and fitter).
- As per needs of the economy and labor market, new profiles were introduced into the Secondary School Center's curriculum: textile technician (4-year program) and tailors (3-year program).
- Various higher-education profiles graduated from the university centers of Banja Luka, Sarajevo and Belgrade (Serbia) are available on the labor market.

Average net/gross wage for October 2014:

- In Republika Srpska: 826 KM/1,333 KM
- In Modriča Municipality: 729 KM/1,153 KM



BUSINESS ENVIRONMENT IN THE MUNICIPALITY

*Sectors with investment potential

CHEMICAL INDUSTRY

Business opportunities:

- Investment in manufacturing of plastic packaging and of metal barrels for 'Modriča Oil Refinery' Co.
- The largest company in the chemical sector is 'Modriča Oil Refinery' Co., a leading manufacturer of oils, lubricants, base fluids and parafins on the BiH market that employs over 500 workers. The company is a part of the OAO „Зарубежнефть“ based in Russia.
- Also, the 'Novoprom' LLC. manufactures NPK fertilizers, polymerized bithumen and bithumen emulsions for the asphalt-based construction, and other chemical products.

AGRICULTURE

Business opportunities – investment into processing capacities for:

- fruit and vegetables
- meat and meat products
- milk and dairy products
- Modriča Municipality is traditionally an agricultural region with favorable climate, high-quality farmland, long tradition in cattle raising, field crop growing, market gardening and fruit growing.
- Every year the municipal allocates funding for agricultural subsidies (115,000 KM budgeted in 2015). The Municipality adopted the '2012-2016 Agriculture and Rural Development Program in Modriča Municipality'.
- Cereals (corn, wheat and barley) and fodder are most represented in field crop growing, while industrial crops (tobacco, soy) account for the least share.
- Annual output includes 4,000,000 liters of milk, 600 t of meat, 6,000 t of mercantile wheat, 50,000 tons of corn grain, 4,000 tons of plums, and 500 tons of apples and pears.
- The existing cold storage of 600 tons with the possibility of expansion for additional 300 tons is located in the 'Krušik' LLC. The company grows pears, apples and plums on 20,000 hectares and manufactures 11 kinds of fruit brandies and liqueurs under the 'Monogram' brand.

TEXTILES, LEATHER AND FOOTWEAR INDUSTRY

Business opportunities:

- Establishment of partner relations between investors and companies, with domestic companies in charge of production, and investors financing development and placement of products on foreign markets.
- Brownfield investment in existing plants and start-up of a textile manufacturing for well-known global brands.
- This is a sector with a long tradition and trained workforce available at the very low cost of 370 KM net/630 KM gross. This sector alone employs over 700 workers.
- In Modriča Municipality there are two textiles manufacturing companies: 'Hertex' LLC and 'A la mode' LLC, and three footwear manufacturing companies: 'Alfa' LLC, 'Komo' LLC and 'Thema' LLC, which perform lohn jobs for major corporations, such as 'Relaxshoe' of Italy and 'Think Schuwerk' of Austria.

PRODUCTION OF ALUMINIUM, PVC AND WOODEN PROFILES

Business opportunities:

- Investment into pellet manufacturing capacity.
- Manufacturing of semi-finished products for wood industry, such as mediapan (medium-density fibre) panels, natural veneer, chipboard, trim tapes, paints, lacquers, glass papers, scrubbers etc.
- Dominant companies in this sector are PVC manufacturing-producing firms: 'VD-sistem' LLC and 'Ornament' LLC, and 'Tesla' LLC which manufactures bathroom and kitchen furniture.

METAL INDUSTRY

Business opportunities:

- Investment in plants for producing automotive parts, home appliances and various metal parts.
- Cooperation with domestic producers interested in manufacturing for foreign partners.

In the metal sector major companies that could be partners for other manufacturing companies in the sector are:

- 'Fajm-jm' LLC, repair of internal combustion engines, production of movable tools for CNC machines, repair of sawmill equipment, and machine processing of metal parts. The company has established cooperation with the partners such as the 'Yamazaki Mazak Corporation', 'Mori Seiki', 'Modriča Oil Refinery' and 'Würth'.
- 'R.T.S. Metal' LLC: production of metal products and locksmith hardware.
- 'MP-Pandurević' LLC: a range of forged products, inox program, aluminium program, assorted structures, building machines for wrought smithing, CNC plasma cutting services etc.
- 'Optima Power' LLC, production of reserve parts for turbine-driven machinery and transportable tailor-made tools for turbines, machine processing of metal and structures, etc.



*MAJOR TOURISM DEVELOPMENT POTENTIAL

Business opportunities:

- The Dobor Old Town historical monument with two Dobor Towers dating from the year 1388 offers opportunities for investment and construction of various tourist facilities. Situated adjacent to the Bosnia River and Vučijak Mountain, infrastructurally connected with the M17 arterial road Šamac-Modriča-Sarajevo, the monument has preconditions to be transformed into an attractive tourist site.
- The Bosnia River, flowing through Municipality of Modriča in the length of 31 km, and the Trebava and Vučijak mountain ranges offer potential for developing hunting and fishing.
- Modriča Municipality has 30,000 hectares of hunting grounds, where you could hunt different animals and birds: does, hares, pheasants, boars, wild ducks, wild geese, quails, partridges and wild pigeons.
- The Bosnia River offers the best fishing potential including: catfish, carp, pike perch, barbel, bream, chub, and Prussian carp.
- Duga njiva, an excursion site and health resort on the Trebava Mountain, offers sightseeing opportunities. It is rich in deciduous and coniferous forests, diverse plant and animal life, and plenty of freshwater sources.

“ The Republika Srpska Spatial Plan envisages the construction of four hydropower plants on the Bosnia River in Modriča Municipality, with a total of 51.7 MW of installed power. ”



INVESTMENT LOCATIONS

Modriča Municipality offers investors attractive investment locations close to two border crossings to Croatia/EU.



ENTREPRENEURIAL ZONE



Location	It lies on the northern part of Modriča's urban area, at the crossroads of the arterial roads Doboj-Modriča-Gradačac; only 2 km away from the Corridor Vc highway
Total surface area	182.27 ha
Ownership	Private
Infrastructure	Power mains, telecommunications network, water and sewage lines are available in the zone; connecting individual plots to the existing networks is easy
Purpose	Business and commercial activities, industry, services and warehouses, distribution centers, catering, sports and recreation
Investment opportunities	Greenfield and brownfield investments as per the zone type
Cost to purchase/rent	To be negotiated with the owner



PLANT 1

(former „PLASTMO“)



Location	Berlinska street 67, Modriča
Total surface area	Plant 4,400 m ² (plant perimeter 24,000 m ²)
Ownership	Private
Infrastructure	Complete electric power network, water, sewage and telecommunications networks
Purpose	Production and commercial activities, industry, services and warehousing
Investment opportunities	Brownfield
Cost to purchase/rent	To be negotiated with the owner



PLANT 2

(“HEMO-pral” Company)



Location	Šamački put No. 18, Modriča (within the business zone)
Total surface area	Production/ warehousing space 540 m ² , production hall 80 m ² , warehouse 320 m ² (plant perimeter 2,000 m ²)
Ownership	Private
Infrastructure	Complete electric power network, water, sewage and telecommunications networks
Purpose	Production and commercial activities, industry, services and warehouse
Investment opportunities	Brownfield or joint venture – partnership with the owner
Cost to rent	To be negotiated with the owner



PLANT 3

(ZOKIS industrial hall)



Location	Višnjik residential area, Modriča
Total surface area	Production hall 503 m ² , land 1,200 m ²
Ownership	Private
Infrastructure	Complete power network, water supply, sewage and telecommunications networks
Purpose	Production and commercial activities, industry, services, warehousing, and tourism
Investment opportunities	Brownfield
Cost to purchase/rent	To be negotiated with the owner



PLANT 4

(former „REMONTRANS“)



Location	Šamački put, Modriča (in the business zone)
Total surface area	Factory plant 5,000 m ² , of which the administrative building 600 m ² , oil tanks capacitated at 50,000 and 30,000 l, and a transformer station (factory perimeter of 50,600 m ²)
Ownership	Private
Infrastructure	Complete power network, water supply, sewage and telecommunications networks
Purpose	Production and commercial activities, industry, services and warehousing
Investment opportunities	Brownfield
Cost to purchase/rent	To be negotiated with the owner

UTILITY SERVICE COSTS

TYPE OF SERVICE	PRICES	
Electric power	0.085 KM/kWh on average	
Water	1.30 KM/m ³	
Sewage system	0.26 KM/m ³	
Waste	15.00 KM container 1.1 m ³ 70.00 KM container 5 m ³	
Land line	Subscription 16.40 KM	Connection fee 29.00 KM
Internet m:net 32GB	Subscription 40.00	Connection fee 0.83 KM

Prices exclusive of VAT, per unit of measurement

SERVICES PROVIDED TO INVESTORS BY MODRIČA MUNICIPALITY

The municipal administration implements activities to meet investors' needs:

- The Info Center of Modriča Municipality serves as an one-stop-shop providing operational support to potential investors and existing companies for establishing business and running business operations in Modriča.
- The 'Personal Investment Assistant' service is provided to investors interested in investing in the economy, culture or tourism, and in doing business in the Municipality.
- Modriča Municipality has adopted the following planning documents: Modriča 1 Regulation Plan, Modriča 2 Regulation Plan, Business Zone Regulation Plan, Market Regulation Plan and 'Modriča 2020' Zoning Plan.

Other services provided to investors by Modriča Municipality:

- Issuance of the urban permit/ location conditions within 15 days, construction permit within 15 days and usage permit within 15 days. IF THE REQUEST SUBMITTED BY THE INVESTOR IS COMPLETED, THE PERMITS WILL BE ISSUED WITHIN 48 HOURS.

Overview of permit issuance costs for an investor in production, for an assumed 5,000m² plot with 1,000m² facility

Costs of fees, charges and approvals, up to issuance of the urban permit/ location conditions for construction of a production facility	New plant – estimated costs
Administrative charge for the urban permit/ location conditions	22 KM
Costs of fees, charges and approvals up to issuance of the construction permit	
Construction land development fee and rent	Zone III – Manufacturing plant (development fee 30 KM x 1,000 m ² = 30,000 KM; rent 32 KM x 1,000 m ² = 32,000 KM)
Administrative fee for the construction permit	0.05% of estimated cost of the plant
Charge for land measurement and creation of the real estate cadaster	0.3% of estimated value of construction works
Charge for preparation of the urban documents by a legal person licenced for developing spatial planning documents (expert opinion and urban and technical conditions)	The market value of this service is around 1,300 KM
Conversion of agricultural into construction land	The charged amount is deducted from the rent
Anti-fire and other certificates	Ministry of Interior – Fire Safety Inspectorate, Modriča Water Supply and Sewage Utility Company
Environmental certificate	50 KM
Electric power grid connection	Doboj Electric Power Distribution Utility Company – Modriča Branch
Costs up to issuance of the usage permit	
Administrative fee for the usage permit	32 KM
Technical inspection certificate	4,800 KM

- Assistance with company registration and procurement of required permits
- Development of business plans
- Post-investment support to investors (aftercare) and promotion through presentation of the Municipality at investment conferences, fairs and in brochures and via establishing linkages with suitable partners

Registration of legal entities is performed in the one-stop shop of the Business Information and Financial Services Agency (APIF) in Modriča, within 3 days. Link: www.apif.net



INVESTMENT INCENTIVES OFFERED BY THE MUNICIPALITY:

- Grace period and payment in installments of one time rent and fee for city construction land (degree of development)
- Financial incentives for agriculture and rural development
- Co-financing for introduction of ISO standards into companies
- Co-financing for new job creation
- Co-financing of the companies' participation in international and domestic fairs

The following information is also available to investors:

Electronic registers of administrative procedures with detailed overviews of permits and licences investors need in Modriča Municipality, Republika Srpska and BiH are available on the following links:

- Modriča Municipality:
<http://www.modrica.ba/zahtjevi.html>
- RS Government:
<http://www.regodobrenja.net/index.php?jezik=1>
- BiH Ministry of Foreign Trade and Economic Relations:
<http://rap.mvteo.gov.ba/egfVwOdlukaJedinice.aspx>

Lists of fiscal and non-fiscal incentives in Republika Srpska and Bosnia and Herzegovina are available at the following links:

- RS Government/ Invest Srpska:
<http://www.investsrpska.net/index.aspx?PageID=436&menuID=215&langid=1>
- BiH Ministry of Foreign Trade and Economic Relations:
http://www.mvteo.gov.ba/izvjestaji_publicacije/izvjestaji/default.aspx?id=6175&langTag=en-US



EXISTING FOREIGN INVESTORS AS THE BEST REFERENCE

“ЗАРУБЕЖНЕФТЬ” ОАО

Investment in ‘Modriča Oil Refinery’ Corp.

Country of origin: Russia

Sector: Fabrication of lubricants and fluids for vehicles, machinery and industrial plants, basic oils and parafins

The company employs 503 persons, which accounts for 11.34% of all jobs in the Municipality.

“FERDINAND RICHTER” GmbH

Investment in ‘Alfa’ LLC

Country of origin: Austria

Sector: Footwear manufacture

The company employs 354 workers, which accounts for 7.98% of the total jobs in the Municipality.

“CASTELLINA SRPSKA” LLC

Investment in ‘PETAR MRKONJIĆ’ Agriculture Farm

Country of origin: Italy

Sector: Plant and cattle farming

This enterprise is the largest farm in Modriča Municipality. Corn, wheat, soy and triticale are grown at the surface of 394 ha, with the annual output of 1,662 t.

“R.T.S. METAL” LLC

Country of origin: Switzerland

Sector: Production of metal products and locksmith hardware

The entire output is exported.





Miroslav Josipović, owner and manager of 'FAM-JM' LLC, Modriča

The company was established in May 1980 as a craft shop for producing and servicing wood-processing machinery for both primary and secondary processing. In early 1980s we adopted a program of manufacturing of wood processing machinery using the NC system. In the interval we performed cooperative metal processing activities.

Since 1995 we have conducted exclusively the repair of internal combustion engines, manufacture of movable tools for CNC machinery, repair of sawmill equipment, and machine processing of metal parts. The years of dedicated work led to the establishment of successful cooperation with companies such as: 'Yamazaki Mazak' Japan, 'Berco' Italy, 'Robbi' Italy, 'Daimler Benz' Germany, and 'Mann' Germany. We are authorized service agency for machine processing of engine parts for 'Mann', 'Mercedes', 'Daf', 'Volvo', 'Scania', 'Caterpillar', 'Komatsu', and 'Hitachi'.

Last year we imported a Yamazaki Mazak processing center for state-of-the-art processing of engine parts, with the precision down to the fourth decimal for the engine up to 2000 PS, for V20 engines. The machine is numbered no. 4 for Europe. In early 2015 we joined the Serdi Corporation system of the machines for processing the valve housing, through which we obtained the first protected patented machine with four-fold air cushion.

Our company certainly has potential for further development and creation of new business links, for which we have a full support of the local community. We have jointly worked on the program to retrain workers to operate most modern technologies for numerical metal processing, which has been completed successfully and which provided us with young specialized workers.

“ Our strategic orientation is to continuously develop Modriča into a modern business-friendly and infrastructurally developed location, and also an environmentally conscious community that offers to citizens and investment partners a high standard to live and work. ”

Your reliable partner and even better host ...

CONTACT FOR INVESTORS

INFO CENTER FOR INVESTORS
IN MODRIČA DEVELOPMENT AGENCY

Tel: +387 53 814 065

Fax: +387 53 811 372

Web address: www.raomd.org

E-mail: oarmsp@gmail.com





Modriča Municipality

www.modrica.ba