

2015



FOREIGN INVESTMENT PROMOTION AGENCY

Bosnia and Herzegovina

Tourism Sector

BOSNIA AND HERZEGOVINA INVESTMENT OPPORTUNITIES



Bosnia and Herzegovina Tourism sector

FOREIGN INVESTMENT PROMOTION AGENCY



BOSNIA AND HERZEGOVINA

YOUR NEW ADVENTURE



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Tourism sector in Bosnia and Herzegovina

NEW UNEXPLORED DESTINATION

With its natural beauties, good geographical location, wonderful hospitality of Bosnian people, rich heritage and history and gastronomy offerings, and its status as a still unknown tourism destination for major markets, B&H has all pre-determinants for an extremely successful tourism industry story.



According to the World Tourism Organization, Bosnia and Herzegovina is defined as one of only three tourism destinations in the world with overall tourism market growth potential in excess of 10% annually through 2020. Also, Bosnia has been awarded the leisure destination in the outside world by the National Geographic.

The Rough Guides have chosen Sarajevo as their second best city to visit in 2014. Following their motto 'Make the most of your time on earth' their experts on 200 worldwide travel destinations put the city second in their Top 10 Cities list after Rio de Janeiro and Sarajevo was described as a mini-Istanbul.

Natural wealth and its diversity (mountains, rivers and forests) is a strong base for development of outdoor tourism in B&H. Geographic location in the center of Europe creates opportunity to attract large number of potential tourists within range of up to three hours flight. Unique cultural and historical heritage including religious sights are also major opportunities for development of creative tourism offer in this segment. Internationally recognized and important event such as Sarajevo Film Festival attracts significant number of tourists. Relatively low cost of services and good food and drink offer make B&H a destination recognized as good value for money. Hospitality is very important factor for creation of overall good experience and repeated visits to Bosnia and Herzegovina and exit polls show that tourists are highly satisfied with this aspect of tourism service in BIH.

LAND OF INREDIBLE BEAUTY

... you'll be amazed to find that B&H is one of the most culturally and naturally diverse lands in all of Europe... Green Visions



REASONS TO INVEST

The B&H tourism Industry has recorded positive trends in all major growth indicators over the past ten years, with still considerable room for further utilization of its unquestionable potential.

Invest in B&H and take advantage of these opportunities:

- B&H becomes an emerging tourism destination
- Unexplored and untouched natural beauties
- Opening and construction of new tourism resorts
- Upgrading of accommodation, entertainment and recreation facilities of existing resorts
- Hotels privatisation
- Nature Parks commercialisation
- Resort operators
- Investment in tourism supporting infrastructure
- Excellent climate conditions
- Long tradition in winter tourism
- Favourable legal environment with guarantees and right protecting your investment
- Highly educated and price competitive labour force - *Average net salary in tourism sector in 2014 was around 270 EUR*

TOURISM – STATISTICS

With its rich tourist offer B&H can satisfy the needs of the global travelers regardless of their budget and preferences. Revenue from tourism in Bosnia and Herzegovina from the past year reached about a billion KM, tourism workers estimate. In the period from January - December 2014 tourists realized 846.581 tourist's arrivals which represent the increase by 0.3% as compared to the same period of 2013 and 1.711.480 overnight stays.

According to the type of accommodation facility the highest number of nights was recorded in Hotels and similar accommodation with share of 93.4%. Concerning the structure of foreign tourist nights in the same period, the most of them 52.2% were realized by tourists from Croatia (15.1%), Serbia (10.8%), Italy (8.1%), Turkey (7.6%), Slovenia (6.2%) and Germany (4.4%). Tourists from other countries realized 47.8% of tourist nights. Regarding the average detention of foreign tourist stays in the same period, on the first place comes Malta with average stay by 6.3 nights, Kuwait with 3.6 nights, Russian Federation with 3.2 nights, Ireland and India by 3.0 nights.

Number of tourists in Bosnia and Herzegovina:

Year	Total number	Increase	Overnight stays	Increase
2014	846.581	0,30%	1.711.480	-6,1%
2013	844.189	12,9%	1.822.927	10,8%
2012	747.827	9,0%	1.645.521	9,4%
2011	686.148	4,5%	1.504.205	6,2%
2010	656.333	5%	1.416.691	11,7%

Source: B&H Agency for Statistics

Foreign tourists are frequently selecting Bosnia and Herzegovina as a place where they will spend their holidays. So last year Bosnia and Herzegovina was visited by around 846. 581 tourists. But, total number of tourist arrivals in Bosnia and Herzegovina is four times higher than official statistics data.

“The country has immense opportunities for tourism development given its rich natural and cultural heritage, its unique mix of cultures and religions, as well as its strategic location close to major European source markets” UNWTO Secretary General, Mr. Taleb Rifai

The tourism market in B&H is gradually increasing and B&H becomes an emerging tourism destination!

The most promising tourism segments:

- Health and Spa
- Ecotourism
- Ski and Mountain tourism
- Cultural Heritage & Religious tourism
- Adventure tourism
- Sea tourism

HEALTH AND SPA TOURISM

In recent years the tourists are increasingly interested in health and spa tourism of Bosnia and Herzegovina, because the country is rich in high-quality thermal and mineral springs, health resorts and spas.

The Health Care laws do not distinguish between the private and public sector. According to the Law on Health Protection of the Federation of Bosnia and Herzegovina (“Official Gazette of BiH”, number: 46/10) domestic or foreign persons or companies may be founders of private health institutions, including: clinics, general hospitals, special hospitals, spas, pharmacies, institutions for home care, for palliative care, and dialysis centers. According to the Law on Health Protection of the Republic of Srpska (“RS Official Gazette”, No. 106/09) private health institution may be established by natural or legal person, including: family medicine clinic, dental clinic, pharmacy, special clinic, a special centres, hospital, institute for physical medicine and rehabilitation, institutions for home care, laboratory and stem cell bank.

Conditions for opening the health institutions in B&H are as follows:

- 1) To have employees with appropriate level of educational attainment, passed professional exam and license issued by the competent chamber, and for the special activities to have employees with adequate specialization or scientific/educational degree;
- 2) To have adequate diagnostic, therapeutic and other equipment for safe and modern health care
- 3) To have adequate space and facilities for the reception of patients, for diagnostic and therapeutic activities and accommodation of patients, as well as for the storage of drugs and medical devices;
- 4) To have adequate type and quantity of drugs and medical devices needed to do certain health activities;
- 5) To have adequate safety system in health institution;
- 6) To have adequate system for medical waste management in accordance with applicable standards,



as well as special regulations;

7) to have opinion on the justification of the establishment of health institution issued by the cantonal and federal Institute of Public Health and adequate medical chamber (in entity Federation of Bosnia and Herzegovina), respectively issued by the Ministry of Health and Social Security (in entity Republic of Srpska).

Based on the decision on fulfillment of conditions for performing health activities and on founding act, health institution should make registration at competent court register.

Examples of successful foreign investments in health sector in Bosnia and Herzegovina:

- Fresenius Medical Care Germany - dialysis centers in Bosnia and Herzegovina
- Bahceci Turkey - private clinic for IVF in Hadzici near Sarajevo
- Foreign co-ownership in Centar za srce BH in Tuzla - health institutions specialized in treatment of heart and blood vessels diseases

The belief in the curative powers of mineral waters goes back to prehistoric times. Such practices have been popular worldwide, but are especially widespread in Europe and Japan. Japan is maybe too far away, so you have come to the right place... Bosnia and Herzegovina, the heart of Europe... Until the beginning of 1990-ties, Bosnia and Herzegovina was well known and popular in entire region as a destination for health and spa tourism. Bosnia is apparently derived from an old Indo-European word "bosana", meaning water.

Usually nestled in beautiful surroundings with unspoiled nature and clean air, health resorts in Bosnia and Herzegovina offer true rest and relaxation, in addition to health care.

At present there are 15 health spas in B&H registered as health care institutions. There are located in the areas of Olovo, Fojnica, Bjeljina, Bihac, Srebrenica, Gradacac, Sarajevo, Kiseljak, Laktasi, Bosanska Dubica, Sanski Most, Teslic, Prnjavor, Banja Luka and Visegrad.

In last few years B&H has actively worked in development of its spas in order to offer better services to its guests.

"One of the prettiest places on the Earth ", as E.B.Lanin wrote about Ilidza in The Contemporary Review in 1894 in London.

However, most of spas need investments in upgrading and modernization of existing facilities and programs, seeking for potential strategic partners to readjust their business models, management philosophy and marketing strategy.

ECO TOURISM

B&H has already established a number of national and nature parks such are:

- Sutjeska national park
- Kozara national park
- Una national park
- Hutovo Blato nature park
- Bardaca nature park
- Blidinje nature park



Sutjeska national park is one of the first established in Europe and still holds the last remaining thousand year old rainforest Perucica.

A country also has the two swamps which are natural reservations and bird habitats. In the north, there is the Bardaca swamp, and the south Hutovo Blato – both have been declared destinations of an international significance by the Ramsar International Convention about swamps.

The canyons, lakes, beautiful rivers, waterfalls, springs, and many more unspoiled natural resources have created a unique Bosnian eco tourism product. Furthermore, the villages in mountain regions, offer tourists the possibility to enjoy the special rural ambient with traditional hospitality, and rich culinary offer of domestic products.

B&H has numerous locations extremely suitable for eco, geo and ethno tourism development particularly in cooperation with capital investors.



SKI AND MOUNTAIN TOURISM

Sarajevo, the national capital Hosted the 1984 Winter Olympics, which, at that time, were the largest Winter Games ever (in terms of athletes and media).



Skiing, hiking and alpinism tradition in Bosnia and Herzegovina has existed for over a hundred years, but the expansions of winter tourism came after the XIV Olympic Games held in 1984 in Sarajevo. Tourists and especially skiers say that you can find everything in Bosnia and Herzegovina: the perfect ski slopes of Jahorina, the best alpine skiing track on Bjelasnica, and the massive, tall and absolutely tame and open Vlastic, and harsh Kupres, and colorful Igman. The Olympic Mountains Jahorina, Bjelasnica, Igman, Trebevic and Vlastic, as well as recreation centres of Kupres and Risovac, and ski resorts on Kozara, Busovaca, Ostrelj, Vlasenica, Vranica, Borje and others, offer more than 60 kilometres of perfect ski slopes.

*Some of the best-and cheapest-alpine skiing in all of Europe.
- Outside Magazine -*

The mountain centres are ideal for development of winter, sports, recreation, hunting and fishing tourism. Undoubtedly, Bosnia and Herzegovina has the strongest comparative advantages compared to other countries in the region.

CULTURAL HERITAGE & RELIGIOUS TOURISM

Bosnia and Herzegovina is a country of long and rich history, which cultural heritage presents a complex mixture of Mediterranean, Byzantine, Ottoman and Central European influences making the country an unique attraction for cultural and religious tourism.



There are a number of towns, memorial of the past time and testimonial of continuity of habitation at these places from antique and medieval periods to present time such are: Mostar, Pocitelj, Banja Luka, Trebinje, Travnik, Bihac, Visegrad, Jajce, etc.

As a meeting point of different civilizations and cultures over centuries, most of major religions Judaism, Roman Catholics, Christian Orthodox and Islam exist in harmony in B&H offering a number of sacred places and unique experience to domestic and international visitors.



TEKIJA (Dervish monastery) at BLAGAJ,
16th-century



Mehmed Pasa Sokolovic Bridge, Visegrad
UNESCO's World Heritage



Old Bridge, Mostar
UNESCO's World Heritage



TVRDOS, Orthodox monastery near the city of
Trebinje, 15th-century



The Sarajevo Film Festival – the first and the largest film festival in the region!

ADVENTURE TOURISM

Bosnia & Herzegovina is an emerging adventure-tourism destination, with excellent whitewater rafting on the Una and Neretva rivers. - Lonely Planet -

Adventure trips and packages offer different types of active holidays for tourists including: rafting, kayaking, walking the canyons of a series of crystal clear waters of the river Tara, Una, Neretva, Vrbas, climbing rocks, hiking, mountain-biking, paragliding and hang- gliding, skydiving, adventure driving off-road vehicles in a beautiful and magical ambience of the Olympic Mountains, Treskavica,



Romania, Prenja Cvrsnica, Zelengore, Veleza, Vranica, Ozren, etc.

Adventure tourism in the country is still not sufficiently explored, but thanks to the natural beauty of mountains, rivers, canyons and lakes, adventure tourism can become B&H's tourism brand.

National Geographic ranked Bosnia and Herzegovina among the 10 best adventure destinations for 2012. Among the destinations that offer excellent rafting, mountaineering, skiing and other adrenaline sports, B&H was named as offering the best mountain biking trails.

In 2009 Rafting World Championship was successfully organised in Bosnia and Herzegovina at the River Vrbas and The Rivera Tara.

ATA (Association of Adventure Tourism BIH) represents BIH outdoor tourism in international fairs (i.e. 2011 Outdoor Retailer Summer Market (ORSM) - Salt lake City, Utah; Adventure World Travel Summit – Luzerne, Switzerland). ATA currently has eleven members offering diverse programs that include: hiking, rock climbing, mountain biking, kayaking, rafting, canyoning and fly-fishing.



SEA TOURISM

With its 23 kilometres of the Adriatic coast and 240 sunny days every year, Bosnia and Herzegovina each year attracts more tourists from all over the world. The town of Neum represents B&H's Adriatic Gate and is the only coastal town in Bosnia and Herzegovina. It was first mentioned in 533 (under the



name Neunense), and developed as a maritime retreat in 1965. The Old Town of Neum is 2 km inland. Scuba-diving, parasailing, boating and jet skiing can be arranged in any of the major hotels. Guests are also offered very attractive tourist visits to Dubrovnik, Mostar, Medjugorje, Hutovo Blato and Vjetrenica. The current accommodation in Neum cannot meet the needs of tourists during the season, which offers investors an excellent opportunity for upgrading and construction of new facilities

UNESCO WORLD HERITAGE SITES IN BOSNIA AND HERZEGOVINA

United Nations Educational, Scientific and Cultural Organization (UNESCO) has included the following Bosnia and Herzegovina sites on its World Heritage List:

The Old Mostar Bridge (Stari Most)



Mehmed Paša Sokolović Bridge in Višegrad



Sarajevo - unique symbol of universal multicultural - continual open city



Vjetrenica cave



The historic urban site of Počitelj



The natural and architectural ensemble of Blagaj





The natural and architectural ensemble of Blidinje



The natural and architectural ensemble of Stolac



Stećaks - Mediaeval Tombstones



The natural and architectural ensemble of Jajce



ENORMOUS DEVELOPMENT POTENTIALS

Tourism sector in B&H has enormous potential for development, possessing all preconditions to play a significant role within the country economy. For this reason, the tourism development was consequently recognized as one of the top priorities of the overall national economic development policy.

Significant efforts have been put into creation of favourable business and investment environment for potential investors.

Investment Opportunities

- Opening and construction of new tourism resorts
- Upgrading of accommodation, entertainment and recreation facilities of existing resorts
- Hotels privatisation
- Nature Parks commercialisation
- Resort operators
- Investment in tourism supporting infrastructure

Investment Modes & Approaches

- Individual private project
- Joint ventures
- PPP
- Concession
- Acquisition
- Privatisation
- Long term loans

Tourism in B&H offers a favourable business environment with increasingly active tourism promotion system.



TESTIMONIAL OF EXISTING FOREIGN INVESTOR

HOTEL BRISTOL SARAJEVO

Hotel Bristol Sarajevo is managed by the international brand Shaza Hotels, an independent five star hotel operator supported by an affiliation of prestigious partners. These include Kempinski, proud hoteliers since 1897, and Guidance Hotel Investment Company as Shaza's regional financial partner. Hotel Bristol Sarajevo is the only first class international hotel in Bosnia and Herzegovina. Contemporary design, stylish dining and state of the art meeting facilities, all carefully planned to provide memorable and cheerful moments in Sarajevo. Sarajevo seems at a glance - a typical capital city with modern way of life - it is one of the rare cities in the world that possesses one wonderful feature - unique ambiance. Sarajevo is a city where everyone feels at home immediately, a millennium old tradition of hospitality and receptiveness make it the Jerusalem of Europe. Shaza is more than a hotel. Shaza is an experience.

General Manager, Hotel Bristol Sarajevo

"The Bristol Sarajevo, one of the most recent opened hotels in Bosnia and Herzegovina. Hotel Bristol Sarajevo is the first internationally operated hotel which opened after the Olympic Games in 1984. We have taken a lot of efforts and investment to showcase Bosnian hospitality. We have taken a lot of interest in promoting Bosnia and Sarajevo to the world. Why Bosnia and Herzegovina? We as an international hotel operator Shaza Hotels which is a partner of Kempinski, have great interest in developing tourism sector in this part of the world. Bosnia has so much to offer in the tourist sector which needs to be discovered and promoted worldwide. What can Bosnia offer? I mean, we have a fantastic landscape, fantastic leisure activities. Bosnia has been awarded the leisure destination in the outside world by the National Geographic. It has been awarded the best destination; the best city to visit in 2012. The issue is we need to communicate this to the local and international community. From an investment point of view, Bosnia and Herzegovina has huge potential in the tourist sector, not only leisure but also in other segments. Bosnia and especially Sarajevo is the heart of the Balkans. Here we have a very large potential in developing it as the meeting in convention, hosting city, in not only the Balkans but South European region. We can attract, and we have already started attracting multinational corporations hosting the events in the city and showcasing to them what Bosnia can do. Over the next couple of years Bosnia will see a huge growth in that segment predominantly by the European Union as the European Union enlarges, Bosnia becomes surrounded by European Union. Nevertheless it will be a relatively budget destination. So there is very big growth ahead of us. This is why we have put in this hotel in Sarajevo as the first investment with the second one coming up in the next 18 months to make sure we are moving ahead and showing that Bosnia is the prime destination for SE Europe."

HOTEL&SPA MEDJUGORJE (Italy)



The story of Medjugorje is well known to most Catholics. Since 1981, it has become a popular site of religious pilgrimage due to reports of apparitions of the Virgin Mary to six local Catholics. Millions of faithful Catholics from all over the world visit this sacred spot.

Medjugorje Hotel & Spa is a 4 star hotel located on a wide area just a short walk from St. Jacob Church, along the road that leads to the Apparition Hill (Podbrdo). Attention to details, comfort, warm welcome and efficient service will make your stay, and can satisfy even the most discerning guests, who can also enjoy the delights of Mediterranean cuisine in the house Restaurant “Ai Dogi” and relax in the Wellness Center Aqua spa, for a full refreshment of spirit and body.

Mr. Luca Cobre, Director, Hotel&Spa Medjugorje

“We came here in Medjugorje, in the beginning to buy a flat for one of our owners who came here 20 years ago, and when we arrived here we saw a lot of opportunities to do business, especially in Hotelijersko company and we decided to check and to try which place in this village can be nice and good for us.....Here we found a very good ambiance and very good relations with FIPA and local govrenemnt”



Hotel Central, Sarajevo
Investor: Templeville Development, Ireland



Hotel Grand, Neum
Investor: B.M.V. Inženjering, Croatia

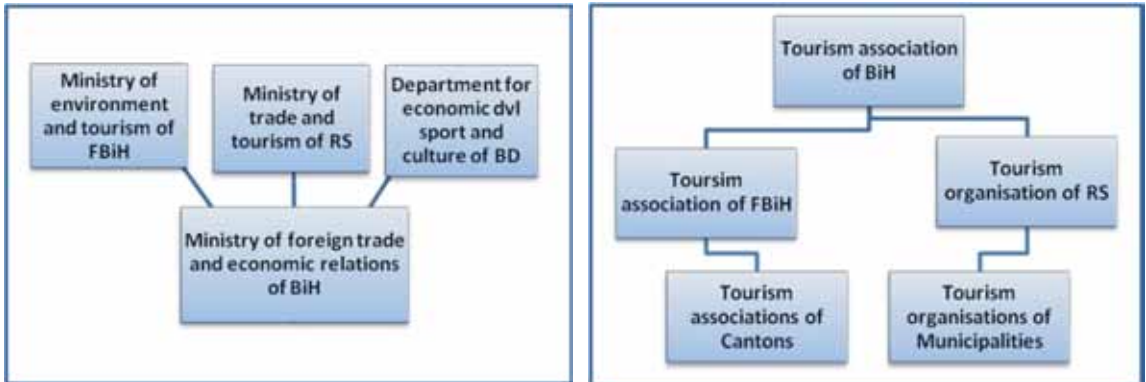


Residence Inn by Marriott, Sarajevo
Investor: South European Investment Company, Saudi Arabia, UAE, Bahrain



Bristol Hotel, Sarajevo
Investor: Shiddi International, Saudi Arabia

KEY INSTITUTIONS & USEFUL CONTACTS



Useful contacts:

Ministry of environment and tourism of FB&H www.fmoit.gov.ba

Ministry of trade and tourism of RS mtt@mtt.vladars.net

Tourism Association of B&H www.bhtourism.ba

The most popular tourism web portal..... www.visitmycountry.net

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