



**GRAD TUZLA**

# **INVEST IN TUZLA**

**Tuzla, april 2015.**

## 1. Tuzla - Basic Characteristics

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### Tuzla – Basic Characteristics

Tuzla, in the context of its geographical position, is a mountainous area, with distinctive natural, geomorphological and hydrographic wealth, flora, fauna and landscapes of a rare and preserved beauty.

Owing to its favourable geographical position and good road, railway and airport infrastructure, such as Tuzla Airport (12km from Tuzla), Sava Port in Brcko (60 km from Tuzla), highway (entrance/exit Zupanja, 75 km from Tuzla), Tuzla is connected to other municipalities and regions.

Tuzla is an administrative, economic, cultural and educational centre of the Tuzla Canton and North-East BiH, where the population reached 1.000.000. Total estimated number of citizens in Tuzla is 150.000.

The University of Tuzla consist of 13 faculties and offers a wide range of scientific disciplines and academic titles (graduate, master and doctoral degrees) to around 18.000 students currently studying in Tuzla.

Due to rich salt and coal deposits, Tuzla represents the very center of the chemical industry and energetics. Over the past several decades, major developments occurred in the mechanical engineering, metal, metalprocessing, electric, construction, footwear, textiles and food processing industry.

The economy of the city of Tuzla is made up of 3,000 companies and over 3,500 independent entrepreneurs, traders, artisans and caterers.

City Administration places special emphasis on the development of new areas that represent a paradigm for future development, such as tourism, ICT, pharmaceutical industry, creative industries, environmentally friendly energy sources, energy efficiency and the development of entrepreneurial infrastructure (business incubation centers and technology parks).

The City of Tuzla has signed twinning agreements with the following cities in the region: Bologna (Italy), L'Hospitalet (Spain), Osijek (Croatia), Pecs (Hungary), Tuzla – Istanbul (Turkey), as well as agreements on cooperation with Saint Denis (France), Provincia di Ravenna (Italy) and Provincia di Pisa (Italy).

Tuzla – Sarajevo (BiH) 120 km (2 hrs, 20 min)

Tuzla – Zagreb (Cro) 330 km (3 and 1/2 hrs)

Tuzla – Belgrade (Srb) 230 km (3 hrs)

Tuzla – Ljubljana (Slo) 475 km (5 and 1/2 hrs)

Tuzla – Podgorica (Mng) 400 km (7 hrs)

Tuzla – Skoplje (FYRM) 650 km (8 hrs)

Tuzla – Viena(A) 700 km (6 i 1/2 hrs)

Tuzla – Berlin (De) 1.400 km (13 hrs)

Tuzla – Rome (It) 1.230 km (12 hrs)

Tuzla – Bologna (It) 845 km (8 and 1/2 hrs)

Tuzla – Budapest (H) 480 km (5 hrs)

Tuzla – Munich (De) 880 km (8 and 1/2 hrs)

## 2. Economic Sector Review

The dominant industries in Tuzla are energy and mining, trade, metal- processing sector, food industry and construction sector. In addition to the existing results, in the past few years, significant advancements have been achieved within the tourism sector, environmentally friendly energy and energy efficiency sector and the sector of ICT technologies.

There are over 3,000 companies registered in Tuzla, and more than 3,500 businesses and various trades, tourism, manufacturing, and other independent business activities.

In 2013, business entities in the City of Tuzla reached a turnover of 1.925 billion (approximately US \$ 1.10 billion), with operating assets of KM 2.648 billion, more than KM 300 million investment, and over 23,000 work places in the real sector. The average gross wage in the city of Tuzla amounts to cca KM 1400.00 (US \$ 778).

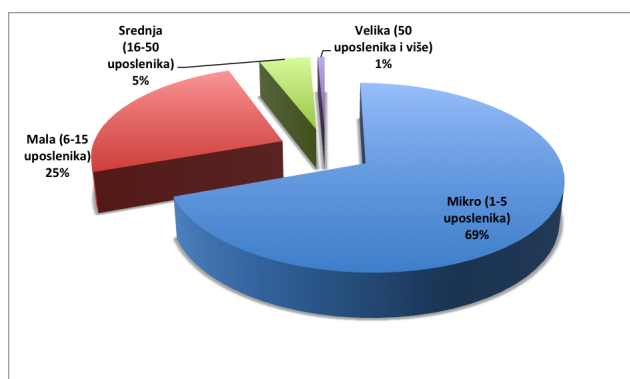
Number of legal entities	3.314
Number of natural persons (entrepreneurs)	3.554
NAMES OF COMPANIES WITH THE LARGEST NUMBER OF EMPLOYEES:	Number of employees
Coal mine «Kreka» Tuzla, Rudnik Soli/Salt mine, Tuzla kvarc/Tuzla quartz mine, Rudnik krečnjaka Tuzla/Limestone mine Tuzla	4.782
Trade centres: Bingo Tuzla, Konzum, Piemonte	4.350
Thermal Power Plant Tuzla, Electric Power Plant Tuzla	1.841
Pivara Tuzla/Brewery Tuzla , Solana Tuzla, Pekare Ljubače/Ljubače Bakery, Menprom G. Tuzla	795
Xella BiH, Cinkarna kvarc Tuzla	550
Tehnograd, Tehnograd company, Giprom, Tom Cat	510

Ord. No.	Areas of activity	Number of business entities	% participation	Number of registered businesses	% participation
1.	Agriculture, hunting and forestry	21	0,77%	16	0,61%
2.	Fishing	3	0,11%	0	0,00%
3.	Mining	7	0,26%	0	0,00%
4.	Manufacturing industry	259	9,50%	219	8,29%
5.	Electricity, gas and water supply	6	0,22%	0	0,00%
6.	Construction industry	184	6,75%	82	3,10%
7.	Wholesale and retail trade, motor vehicle, motorcycle and personal use items repair services	948	34,78%	926	35,04%
8.	Catering	59	2,16%	373	14,11%
9.	Transport, warehousing and communication	211	7,74%	392	14,83%

10.	Financial mediation	15	0,55%	3	0,11%
11.	Real estate, rental and business services	276	10,12%	345	13,05%
12.	Public administration and defence, mandatory social security	80	2,93%	0	0,00%
13.	Education	84	3,08%	27	1,02%
14.	Health and social care	127	4,66%	58	2,19%
15.	Other public, social and personal service activities	446	16,36%	201	7,60%
16.	Private households with employed persons	0	0,00%	1	0,04%
17.	Other	0	0,00%	0	0,00%
	TOTAL :	2.726	100%	2.643	100%

Note: The presented cumulative data exclude branch offices

Considering the size of business entities, the dominant ones are micro enterprises (1-5 employees) 69.4%, followed by small businesses (6-15 employees) 24.7%, medium-sized enterprises (16-50 employees) 5.1% and large companies (more than 50 employees) with 0.7%.



### 3. Labor Market

In 2014, the registered number of unemployed persons in Tuzla reached 20,375 (statistical data differ from the real indicators, which means that the current real number of unemployed persons is about 20% lower than official statistics suggested, due to the existence of 'gray' economy). At the same time, the number of employed persons in the city of Tuzla reaches 32,996, which means that 40.63% persons are unemployed. Out of the total number, 10,760 are unemployed women, representing 52.80% of all unemployed population.

	2012	2013	2014
Total number of unemployed persons	18.341	19.307	20.375
% of unemployed persons actively searching for jobs	35,74%	37,09%	38,65%
% of unemployed persons under 30 actively searching for jobs	37,61%	36,02%	34,13%
Availability of training programmes adjusted to the needs of the labor market	Existing	Existing	Existing
Availability of incentives for labor force development programmes	yes	yes	yes

	Total:	University degree	College degree	Secondary school qualification	2-year college degree	Higher vocational qualification	Vocational qualification	Semi-skilled worker	Unqualified
Employed	29.134	5.741	1.118	12.643	427	1.624	5.202	732	1.647
Unemployed	20.375	1.971	202	6602	12	192	6.541	354	4.501
<b>Total</b>	<b>49.509</b>	<b>7.712</b>	<b>1.320</b>	<b>19.245</b>	<b>439</b>	<b>1.816</b>	<b>11.743</b>	<b>1.086</b>	<b>6.148</b>
	%	<b>15.43%</b>	<b>2.68%</b>	<b>38.87%</b>	<b>0.89%</b>	<b>3.68%</b>	<b>23.80%</b>	<b>2.20%</b>	<b>12.46%</b>

**Note:** The total of employed persons does not include data on employed natural persons, because they have not been considered at the FBIH level. The total number of employed persons reaches 32.996.

#### 4. The City Administration Services and Support to Investors

The City of Tuzla Administration is a leader in the local economic development and has been continuously supporting the development of entrepreneurship and small and medium enterprises.

Within the context of supporting investments and entrepreneurship development, in cooperation with the International Finance Corporation, several measures have been implemented with an aim to simplify administrative procedures for issuing licenses and improving business environment. In this way, the procedures for issuing building permits and other business sector related procedures have been significantly accelerated and simplified.

Moreover, the City of Tuzla has the lowest fees in the region for establishing a private company.

The city of Tuzla has also introduced an Ethics Line, the new anti-corruption system for the protection of citizens and business entities.

Today, the City Administration is conducting preparatory activities for the introduction of the Favorable Business Environment Certificate, through which the city of Tuzla will meet the highest standards for the provision of business services and creating a favorable business environment.



The long-term vision of the city of Tuzla is Tuzla with continued tradition of culture, creative innovation, healthy and comfortable living, which allows its citizens to participate in all aspects of urban life and which is economically and socially attractive, therefore ensuring growth and good life for its citizens and all others who come to Tuzla to visit, invest or create.

Key strategic documents that the City of Tuzla has adopted and which serve as the foundation for planning and managing the city are:

- Spatial Plan of the City of Tuzla 2030
- Integrated Development Strategy 2026
- Energy Efficiency Strategy (SEAP) 2020
- Strategic Guidelines for Managing the Development of Tourism
- Strategic Guidelines for Rural Development
- Strategic Framework for Development of Transportation

The implementation of the most important projects brought about significant development potential, aided by the valorisation of natural heritage in the context of tourism development, the construction of salt lakes and salty waterfalls in the city center, as well as other significant projects such as the building of technology parks and entrepreneurial - business zones, BIT Center Tuzla, where young professionals develop modern information and communication technologies, and the Development - Entrepreneurship Centre Tuzla - Incubator "Lipnica", where new businesses are being established. With regard to energy efficiency sector, significant initiatives related to implementation of energy saving projects have been launched. The City of Tuzla has a leading role in implementing energy efficiency programs among other cities in the country and the region. At the same time, the City Administration has been implementing projects in the field of communal and social infrastructure (water supply projects, transport network expansion, construction of sewerage networks, street lightning, squares, parks and playground management, etc.), which are necessary in order to accelerate local development and create better living environment for the citizens. With reference to the aforementioned projects, the City of Tuzla has become very recognizable in the region, an example of good practice in the field of local economic development, and the place of pleasant living.

The City Administration owns 23 public enterprises and public institutions, which provide services that fall within the scope of local administration, such as water supply, heating, urban management, primary health care, sport and culture. These companies and institutions employ over 2,000 people.

#### Services provided by the available entrepreneurial infrastructure and services provided to investors

Business Incubator	Development - entrepreneurial center – incubator „Lipnica“, consisting of 65 business companies, employing cca 700 people
Technology park	BIT Technology Park Tuzla – accommodates 46 business companies, mainly from ICT sector, with over 300 employees
Industrial/Business zones Greenfield and Brownfield	Industrial zone Bosanska Poljana and Plane (the complex occupies over 800,000 m <sup>2</sup> of land) accommodates dozens of companies and has sufficient capacity to attract 55 new investments. New greenfield Business Zone Kreka-North is under construction, consisting of 29 building plots (4.000m <sup>2</sup> / per plot), with the possibility of connecting the plots. Future planning involves the construction of new commercial and industrial zones in Tuzla. Moreover, there is a significant potential for putting

	brownfield sites into operation, through appropriate restructuring.
Business support services	Office for Investors , as a one - stop service provider to foreign investors, offers all kinds of services throughout the implementation of investment projects
Funds allocated for the purpose of solving or mitigating unemployment	Over KM300.000/ year
Interest rate subsidies on loans from the Loan Guarantee Fund, at an interest rate of 4%	KM2.500 – KM 4.000 per loan application
Reduced administrative fees for new independent business owners	KM40 – KM 80 for any activity
Newly established enterprises are exempt from income tax in the first 5 years	
Foreign investors are exempt from customs duty on imported equipment if the business was launched in BiH	
Number of days required to set up a legal entity	7 days to start an independent business 21 days to start a company
Number of documents required to set up a legal entity	7 documents required to start an independent business 9 documents required to start a company
Number of days required to obtain an urban licence	7 days if all necessary documents have been submitted
Number of days required to obtain a construction permit	7 days if all necessary documents have been submitted

## 5. Finance and insurance sector

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The finance and insurance sector is very developed. The work of the many finance and insurance institutions had been regulated by laws and sub-legal acts, administered and controlled by the Central Bank of BiH, Banking Agency of Federation of Bosnia and Herzegovina, the Deposit Insurance Agency of Bosnia and Herzegovina and the Insurance Supervision Agency of the Federation of Bosnia and Herzegovina.

Through these institutions, security and protection mechanisms, i.e. finance and insurance institutions' operations control mechanisms have been established, which provides a significant credibility in the financial or insurance market. The following banking services are available:

- Loans, revolving loans
- Finance and operating lease
- Deposit insurance ,
- cash and non-cash transactions in the country and abroad

- electronic banking and more.

Services offered by the banking sector have been significantly enhanced since the establishment of the Register of Largest Debtors and the Register of all Borrowers, including the Register of Pledges.

Currently operating banks in the city of Tuzla, established as subsidiaries of their parent banks are: Raiffeisen banka; UniCredit banka; Hypo Alpe Adria banka; SBER banka; NLB banka (based in Tuzla); ProCredit banka; Moja banka; Nova banka Bijeljina; Nova Banjalučka banka; Union banka, Intesa SanPaolo banka, Erste Banka.

The insurance sector provides a wide range of 'products' related to property insurance, life insurance and more.

The following insurance companies operate in the city of Tuzla: Merkur osiguranje, Triglav BH osiguranje, Sarajevo osiguranje, VGT osiguranje, Bosna Sunce osiguranje, Hercegovina osiguranje.

## 6. *Tuzla- the City of Pleasant Living*

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Tuzla is one of the oldest settlements in Europe with the continuity of habitation. The remains of the old settlement dating from the Neolithic period, which is one of the oldest archaeological sites in BiH, the archaeological site in Gornja Tuzla, dating from 4500 BC, are a proof that the statement is true. All this evidence suggests that Tuzla and its surrounding area were inhabited in the Neolithic Age. The first documented reference to Tuzla dates from 950. The area of the present city started to develop around a variety of sources of salt water. Pile dwelling settlements could be found in this area in the early phase of its development. The city of Tuzla as we know it today has gradually evolved through all the prehistoric and historic periods.

The most important factors affecting economic development of Tuzla are based on a new philosophy of development, the valorisation of the most important resources such as human resources, natural, cultural and historical heritage, which marked Tuzla an important city and serve as the foundation for its future development. This is a development concept that integrates the sustainable living environment for citizens at all levels, the promotion of entrepreneurial approach to development, business valuation of natural and cultural values, further improvement of multicultural environment and significant improvements in the context of environmental problems, especially those related to the previous uncontrolled exploitation of salt water and land subsidence.

Tuzla is the only city in Europe that has salt lakes and salt waterfalls, and the only city where salt lakes, waterfalls and beaches occupy the very center of the city. A million years ago, when the Panonian Sea disappeared from the European ground, it left hundreds of tones of salt stone layers. Owing to this natural wealth and with experts' support, in 2003 the salt water was pulled up to the ground surface level. The water was used to fill in the *Panonian Lake* - lake with saltwater rich in minerals and exploited from underneath the ground through salt wells. Besides being enjoyable, swimming in salt lakes, which have all features of sea water, has additional healing/medical properties that give very good results in treating rheumatic and breathing disorders. For all these reasons, Pannonian Lakes attract thousands of visitors during the summer.

To date, three salt lakes and waterfalls have been built, which, along with other tourist attractions (Archaeological Park, Geological exhibition Panonica, modern children's playground, sports



facilities), constitute the Pannonian Lake complex. World Tourism Organization UNWTO (United Nations), awarded Tuzla Municipality with Ulysses Award 2012 FOR INNOVATION IN PUBLIC POLICY AND MANAGEMENT, for the project "Valuation of Natural Heritage – Pannonian Salt Lakes Tuzla". During one summer season, the number of visitors to the Pannonian Lakes reaches 400,000, many of them coming from all parts of Bosnia and Herzegovina, Croatia, Serbia and other countries.

Currently, the city of Tuzla is faced with the lack of accommodation facilities, such as hotels or any other type of accommodation for tourists during peak tourist season. Therefore, it is necessary to invite the representatives of the business sector to participate in projects aimed at building mini hostels and other accommodation facilities near the Pannonian Lakes complex.

The rich variety of leisure and relaxation choices can be found at the Pannonian Lakes (16,500 m<sup>2</sup> capacity). Till today, the Pannonian lakes hosted two million guests from the whole region (sometimes 16,000 visitors per day). Sports facilities for recreation and different sports (tennis, basketball, football, volleyball, handball, etc.) can also be found in the immediate vicinity of the salt lakes. The rich gastronomic offer in the city consists of nearly 60 restaurant and fast food facilities offering guests local and other specialties.

The city of Tuzla offers visits to several cultural institutions, such as the National Theatre Tuzla, Museum of Eastern Bosnia, the International Portrait Gallery "Ismet Mujezinovic" Tuzla, National - University Library "Dervis Susic" Tuzla, Cinema ART Tuzla, Bosnian Cultural Center (BKC) Tuzla, House Tuzla and others. The rich variety of cultural- entertainment events includes "Tuzla Theatre Days", "Summer in Tuzla", International Literary Meeting "Cum Grano Salis", the International Festival of Youth "Kaleidoscope", "Interbifep" - International Biennial of Portraits and International Art Colony "Breske".

Sports activities are being offered by many active sports clubs and sporting events. In Tuzla, there are around 7000 athletes, members of nearly one hundred sports clubs of collectives. In addition, there are two sports centers offering adequate sports fields and facilities (Sports Center "Mejdan" and University Hall), then football stadium "Tusanj", equipped with modern athletic tracks, indoor pool at the Hotel "Tuzla", six tennis courts and polygons (tennis courts at Slana Banja, "Drammar Centar" and several private courts), and several smaller sports fields in other parts of the city.

## 7. Development Projects

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Below are individual project proposals which may be of interest to investors. However, with respect to overall investment activities in the City of Tuzla, we would like to mention the following groups of projects:

- ❑ Tourism
  - The construction of hotel and tourism facilities, such as bed and breakfast hotels, hostels, garni hotels, for example a Hotel at the Freedom Square near the Pannonian Lakes
  - The construction of tourist facilities, the sports and tourist complex Ilincica Park
  - Health, culture and congress tourism development projects
- ❑ Energy Efficiency
  - Heating (reconstruction of facades and external insulation,
  - The construction of solar and photovoltaic systems, Energy efficient street lighting,
  - Installation of heating pumps,
  - Energy efficient public transport - electric buses, etc
- ❑ Hanging Tram- which would effectively connect the City of Tuzla with several neighboring municipalities. The project would be nominated as a model of public-private partnerships
- ❑ Communal Infrastructure
  - Water Supply Company (the construction of water supply network, pump plant),
  - Sewerage System (the construction of sewerage network, collectors),
  - Wastewater Treatment
  - Lightning
  - Bridges
- ❑ Road Construction
  - The construction of the northern road, regional road G. Tuzla – Dragunja
  - The construction of the Phase I of the high – speed road Tuzla – Sarajevo, Sicki Brod – Ljubace section
  - The construction of the southern road – Tuzla – Bijeljina exit
- ❑ The construction of the city cemetery for all confessions
- ❑ Investments in the development of new industrial and business zones
  - Business Zone Kreka-Sjever (Kreva North)
  - Business Zone Bare
  - Business Zone Bosanska poljana (new phase)
- ❑ Incubation Centres and Technology Parks Development Projects
  - Revitalizing the abandoned mining complex Bukinje and transforming it into business incubator
  - Revitalizing the abandoned mining complex Mramor and transforming it into business incubator
  - Expanding the capacity of BIT Technology Park
- ❑ Projects in the field of social affairs (sport, culture, protection of cultural –historical and natural heritage)

- The preservation of cultural heritage buildings of special importance in the context of tourism offer, with emphasis on the preservation of its original characteristics and the well-planned restoration of the area, such as thermal springs in Slavinovci, “Tuzlanski kiseljak”, Ilincica Park, “Majevicka greda”, Vrsani, Kicelj, Gradovrh, Ban Brdo, Stara Majevica, and hydrographic potential, such as Modrac Lake, “Pilipova voda” etc.
  - Organizing events that foster and develop artistic creativity, and economic - tourism and recreational - sporting events
  - Building running tracks, sports courts, bicycle lanes.
- Agriculture and Rural Development Projects
- Supporting the establishment and expansion of production possibilities in the following areas: cattle breeding, fruitgrowing, greenhouse and outdoor vegetable production, beekeeping etc.
  - Supporting the production and quality of milk, and cattle feeding
  - Supporting the collection and processing of wild fruit and herbs
  - Enhancing agricultural production based on healthy food products and encouraging rural entrepreneurship
  - Infrastructure capacity building
  - The organizational strengthening of farmer’s associations, encouraging the establishment of cooperatives and other forms of business associations of individual farmers

Projects that are not under the jurisdiction of the City of Tuzla, but are important for future development of the city:

1. The construction of the highway connector (Y branch) to the highway corridor Vc - Tuzla-Zepce,
2. The construction of the highway - Tuzla-Orasje (BiH-Croatian border)
3. Dubrave Airport Tuzla capacity building and development
4. The construction of an ecological ring around Modrac Lake (the largest resource of drinking and industrial water in the Tuzla Canton),
5. Maintenance and development of energy and manufacturing industry, tourism, commerce, etc., with respect to international standards for ecology and environmental protection, such as the construction of Block 7 in Thermal Power Station Tuzla
6. Faster economic growth (especially processing industry projects) and public works related projects, aimed creating jobs and increasing employment opportunities.