INVESTMENT OPPORTUNITIES IN FOOD SECTOR OF THE REPUBLIC OF SRPSKA
Food production is a strategic interest of every country.

Most important fields are the following:
• Production of bread, baked products, fresh pasta and cookies,
• Production and processing of meat,
• Production of milling products and starch,
• Production of animal feed,
• Processing and preservation of fruit and vegetables,
• Production of milk and dairy products,
• Production of other foodstuffs,
• Production of alcoholic drinks, wine and beer,
• Production of mineral water and refreshing drinks, and
• Production of raw oils and fats.

Banja Luka, September 2011
Chart 1: Structure of food industry sector by field in 2010

*Source: Agency for Intermediary, IT and Financial Services Banja Luka (APIF)
SECTOR STRUCTURE

• Achieved production in the field of food and drink industry in 2010 was 3.9% higher than in 2009.

• There are 625 companies, mostly small and medium, and some independent craft shops.

• Average number of employees is 7,300, while the records of the Employment Institute include registration of 6,900 unemployed qualified food industry workers.

Banja Luka, September 2011
• Share of food industry in overall industry in 2010 was 12.70%.

• Achieved export of foodstuffs in 2010 amounted to BAM 69,381,000, which accounts for 3.0% of total export of the Republic of Srpska.

*Source: RS Republic Statistics Institute

Banja Luka, September 2011
WHY INVEST IN THE SECTOR

- 80% of the Republic of Srpska territory is occupied by agricultural land.

- There is 0.6 ha of arable land per inhabitant, which is a high percentage compared to the European average.

- The Republic of Srpska is crisscrossed by rivers, and a myriad of natural and thermal springs.

- Favorable climatic conditions are conducive to growth of varied species of medicinal herbs and all species of continental fruit.

- Thermal water springs offer all sorts of benefits for development of greenhouse production.

- In the Republic of Srpska, there are 224,000 registered agricultural estates which employ about 5,000 workers on a permanent basis; they support 60% of population and are willing to cooperate.

Banja Luka, September 2011
Agricultural estates are being aggregated and ownership structure is being clarified.
The Cooperative Union of the Republic of Srpska has been established.
Legal regulations are being fully harmonized with the EU regulations.
Legislation for food production and distribution has been adopted.
Through the Free Trade Agreement (CEFTA), a door has opened to the Republic of Srpska for sales of its products.
Most agricultural companies have completed ownership transformation.
There are preconditions for healthy organic food production.
There are significant processing capacities currently out of operation.
Most companies have introduced quality standards.
By the Rulebook on Incentives, and based on the Development Strategy, the Ministry of Agriculture, Forestry and Water Management has provided for 8.0% of funds to be earmarked from the RS budget by 2015, which is the highest number in the region.

Based on the Rulebook on Incentives, many companies have modernized their production processes, introduced new technologies and quality standards (ISO 9001:2000 and HACCP quality system).
POSITIVE EXPERIENCES

- **Mira a.d.** Prijedor (confectionery industry) is exporting 80.0% of its products.

- **Aleksandrija a.d.** Zvornik (confectionery industry) is important by range, quality and export of products.

- **Mlijekoproduct d.o.o.** Kozarska Dubica is supplying 65.0% of population of the Republic of Srpska and purchasing milk from 7,000 subcontractors.

- **Vitaminka a.d.** Banja Luka has had annual growth of production of 10-15% and is exporting about 20.0% of its products to the European and global markets.
Investment opportunities:
- project and
- business technical cooperation.
Consumption of bottled water in the world is constantly growing.

Own production of bottled water is almost negligible (we have two important water factories in the Republic of Srpska)

Import BAM 126,000,000, export BAM 17,000,000

Favorable geographic position, natural environment and secure market.

No significant changes in spring capacities due to season changes have been noted.

Total available water quantity for bottling is 22.0 l/s, i.e. 179,200 l/s.
SUGAR PRODUCTION

Investment opportunities:
- project and
- business technical cooperation.
Established: 1981

Prevailing activity: chemical processing of corn into starch, starch hydrolysates, dextrose monohydrate, fructose glucose syrups, sorbitol, highly fermentative syrups etc., as well as by-products, corn starch, corn bran, corn flour, gluten.

The company is also involved in drying and storage of cereals for other users, whereby it uses its siloes and drying plant, as well as in production and distribution of potable water.

Number of workers: 136 workers

Total capital: BAM 25,924,425

Banja Luka, September 2011
Earned profit:  
2009  BAM 19,899  
2010  BAM 30,764

Ownership structure:
RS Share Fund a.d. Banja Luka 68.7%,
PREF a.d. Banja Luka 4.1%,
other private capital

In 2010, they introduced the system of foodstuffs control and safety (HACCP)

Projected capacity of the company is processing of 55,000 tons of mercantile corn per year.

Banja Luka, September 2011
Nowadays, the company has contracted production – finishing, with the foreign partner of many years from Italy, the company Sedamyl S.p.A. Saluzzo Italy. The production of syrup with high fructose level (HFS) is regulated by contractual relation, in force until 2015.

Currently, the company is mostly oriented towards foreign market, about 87%, since largest share of revenues is generated by services of finishing of high fructose syrups for the business partner of many years.

The remaining 13% is intended for the local market, i.e. the territory of BiH, where revenues are generated by sales of products and providing of services.

Banja Luka, September 2011
Further orientations are:

- Initiation of production of products that are not competitors to sucrose – various sorts of starch (maltodextrin, maltose and candy syrups),
- Further activities in cereal processing plant; continued work on drying and storage of cereals,
- Initiation of other production activities that are profitable and generate profit – modern greenhouse production and modern growing of a single vegetable culture - tomato.

Form of investment: business technical cooperation (loan, interim financing etc.).
FRUIT AND VEGETABLE PROCESSING

Investment opportunities:
- project and
- business technical cooperation.

Banja Luka, September 2011
Location: Prijedor (favorable geographic location, climatic conditions, field configuration)

Project purpose: investing in production equipment and production tools for apple mesh S.M. 28 – 30% produced from edible parts of apple (no seeds, stems or central part), strained, and thickened by water evaporation – sterilized.

Project objective: increase production volume, increase export and number of employees

Number of workers: 54

Ownership structure:
- RS Restitution Fund a.d. Banja Luka 4.99%,
- PREF a.d. Banja Luka 9.99%
- other private capital.

Banja Luka, September 2011
Most important item in operating revenues is sales, 124.05%.

- **Production process**: total installed production capacity of the factory is **16,000 tons of fruit and vegetables** in one production cycle.

- Production unfolds in five separate production lines:
  1. Line for deep freezing
  2. Line for fruit distillation production
  3. Line for production of concentrated fruit juices
  4. Line for drying
  5. Line for bottling of natural fruit brandies

- **Form of investment**: business technical cooperation (loan, interim financing etc.).

Banja Luka, September 2011
HRANAPRODUKT a.d. Samac – in bankruptcy

- Established: 1984, started operation in 1986

- Activity: production and sales of fruit and vegetable products, biologically fermented vegetables, fruit and vegetable freezing, and storage services at cooling plant.

- Location: the factory occupies the total area of 102,166 m² at 700 to 800 meters from a main road, less than 2,000 meters from border crossing and customs station, 1,200 meters from a railway station, 1,500 meters from the Samac port, and some ten kilometers from the highway Belgrade-Zagreb.

- Important property: facility area 15,743 m²
  land area 102,166 m²
**HRANAPRODUKT a.d. Samac – in bankruptcy**

- **Estimated value of total property:**
  
  BAM 3,517,015.00

- **In addition to the above infrastructure,** *Hranaprodukt a.d. Samac* also has the following:
  - weighbridge (50 tons),
  - three transformers of one megawatt each (three megawatts)
  - two functional water springs with capacity of 50 liters per second and a water tower of volume above 50,000 liters and a built hydrant network.

- **Ownership structure:**
  
  RS Share Fund a.d. Banja Luka 29.9%,
  
  PREF a.d. Banja Luka 10.0%,
  
  other private capital.

**Banja Luka, September 2011**
Potential market:
- Close to foreign markets,
- Signed Stabilization and Association Agreement between BiH and EU; enabled access to market with over 450 million consumers,
- provided market of local consumers.

Form of investment: purchase of capital.
HI DESTILACIJA a.d. Teslic

- **Established:** 1896
- **Leader in the region.**

**Activity:** chemical wood processing by dry distillation and production of acetic acid (aromatized, alcohol, wine and apple).

This is the only producer of pure acetic acid made from wood in this part of Europe.

The acetic acid produced at the *HI Destilacija a.d. Teslic* provides safe grounds for fruit and vegetable producers and overall can production in BiH.

- **ISO and HACCP standards have been introduced.**

Banja Luka, September 2011
HI DESTILACIJA a.d. Teslic

- Employs about 320 workers
- Exports 80.0% of products almost all to the EU countries
- Annual production growth 20.0%

Form of investment: business technical cooperation (loan, interim financing, etc.).

Banja Luka, September 2011
Established: 1989

Prevailing activity: production of refreshing non-alcoholic beverages.

Project purpose: Investing in production equipment and tools for apple mesh S.M. 28 – 30% produced from edible parts of apple (no seeds, stems or central part), strained and thickened by water evaporation - sterilized.

The company has modern technology for aseptic juice filling.

Banja Luka, September 2011
Production process is flexible and multi-purpose: packing of juice, milk, wine and other similar products.

Production program:
- Production and packing of all types of syrups and juices and
- Production and packing of fruit meshes and concentrates.

Projected capacity: 3,600 l/h

It has built infrastructure and own energy plant

Form of investment: business technical cooperation (loan, interim financing, etc.).
Investment opportunities:
- project
- purchase of capital
ZITOPRODUKT AD Banja Luka – in bankruptcy

- **Established**: 1950

- **Prevailing activity**: Production of milling products, milling of wheat, production of flour, groats, germ or pellets from wheat, rye, oats and other cereals, production of ready-made flour mixtures for bread, cookies, small dry baked products, pancakes, etc.

- **Ownership structure**:  
  - RS Share Fund a.d. Banja Luka 25.2%,
  - PREF a.d. Banja Luka 8.4%,
  - other private capital.

Banja Luka, September 2011
Project purpose: Modernization of plant and initiation of production.

Project objective: Providing of space for storage of cereals in Banja Luka region, increase of production volume, increase of number of workers.

The company has a respectable storage area – 55,000 tons of siloes

Former leader in milling and baking industry at BiH market

Total daily cycle is 160,000 bread units

Provided market: chain of shopping malls

Total capital value: BAM 33,784,338

Form of investment: purchase of capital.
THANK YOU FOR YOUR ATTENTION!

Please do not hesitate to contact us

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Banja Luka, September 2011