

**Investment Opportunities in Diverse Industry Sectors
Possibilities for Public Private Partnership-Projects in
Bosnia and Herzegovina**

Vienna Economic Talks

Dr. Gabriel Lansky

Sarajevo, September 27-28, 2009



Contents

1. Attractive Sectors for Investments

2. Opportunities in the Energy Sector

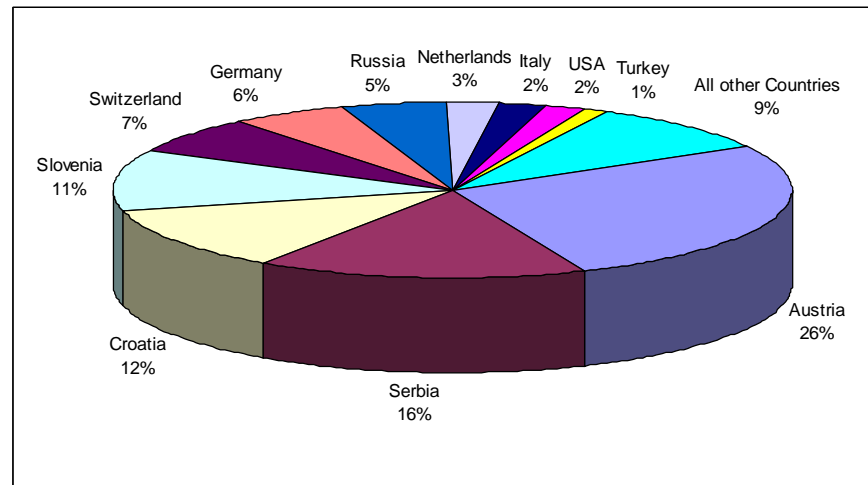
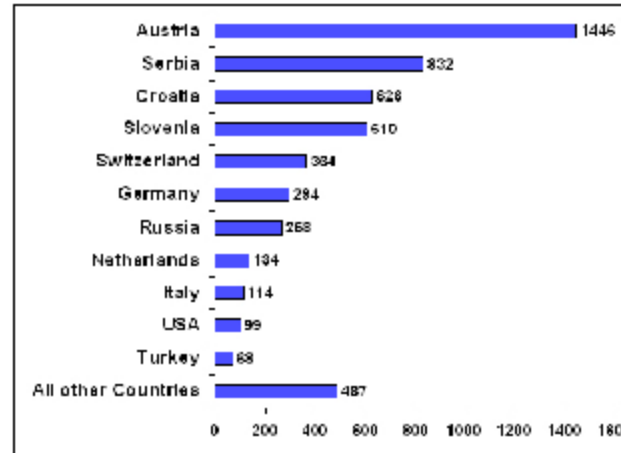
3. Opportunities in the Transport Infrastructure and Road Sector

3. Public Private Partnership (PPP)

BiH: FDI Stocks by Country, December 2008

Main sectors

- § Manufacturing
- § Telecommunication
- § Transport
- § Tourism
- § Real Estate



Source: Central Bank of BiH; *FIPA

Growing importance of
energy sector!

Factors making Bosnia attractive to foreign investors



- § Stable **growth** of foreign investments
- § Potential for increase of **productivity**
- § **Stable currency** (directly linked to the Euro)
- § **Low inflation**
- § **90%** of the **capital privately owned** (out of which 77% foreign private capital, 13% is domestic private capital)
- § Only **10%** of the capital **state owned** (Source: FIPA)

BiH ...

- § is a potential candidate country for **EU accession**
- § has signed the Stabilization and Association Agreement (**SAA**)
- § has signed the Multilateral UN Convention on Investment Arbitrary Court (**ICSID**)
- § has signed Agreements on **Promotion and Protection of Investments**

Factors making Bosnia attractive to foreign investors



Positive development of the legal system:

- § Law on the Policy of Foreign Direct Investment
- § Public Procurement Law of Bosnia and Herzegovina
- § Laws on concession
- § Company Laws
- § Establishment of a Public Procurement Agency

è Short time and low costs of establishing a business

However, political obstacles are still a challenge to investors!

„(...) constitutional elements established by the Dayton/Paris peace agreement have been frequently challenged by key political leaders in both Entities, and EU-related reforms have stagnated in recent months. There has been little consensus on the main reform priorities. A shared vision on the direction of the country remains necessary for a smooth operation of institutions, for creating more functional and efficient state structures, and for speaking with one voice on EU and international matters.“ (Source: Bosnia and Herzegovina 2008 progress report (SEC(2008) 2693 final)

Energy Sector



Natural energy resources in Bosnia and Herzegovina are only partly used:

- § Only 35 % of huge hydro potential of over 6000 MW is in use
- § Only 1% of brown coal and lignite reserves are exploited per yer (8 million out of 10 billion tons)
- § Wind power stations are only now under preparation
 - § > 10 BiH regions qualify for exploitation!
 - § Significant wind energy potential!



PPP Opportunities: Hydropower projects



Project	Capacity (MW)
Glavaticevo	3 x 9,5
Ustikolina	3 x 22
Dubrovnik 2	2 x 152
Buk Bijela and Foca	250
Dabar	160
Paunci	42,3
Mrsovo	43,8
Ulog	30

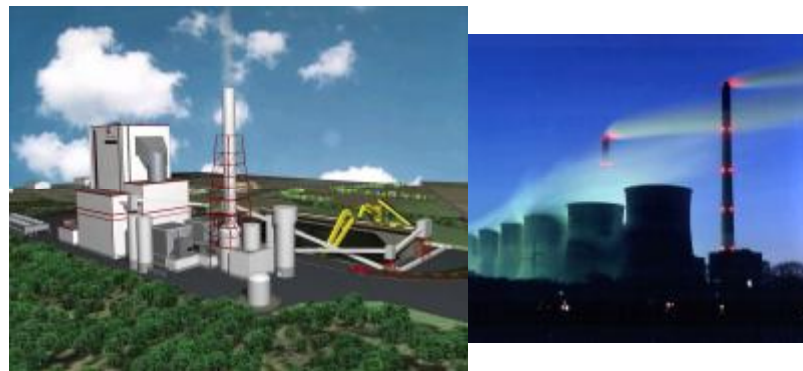
Project	Capacity (MW)
Ugar	40
Vranduk	21
Rmanj Monastir	2 x 36
Bileca	36
Vrilo Krupa and Banja Luka	48,5 + 37,2 + 2 x 26
Glavaticevo	3 x 9,5



PPP Opportunities: Thermal Power Generation Projects

- § Total of 7 new coal-fired thermal power generation projects
- § Electricity production capacity of approximately 3450 MW
- § Rehabilitation and expansion of the existing facilities
- § Construction of new coal mine / power generation plant complexes

Project	Capacity (MW)
Kongora	2 x 275
Bugojno G1/G2	300/300
Stanari	420
Ugljevik 2	2 x 300
Gacko 2	660
Tuzla-G7	370
Kakanj-G8	250



PPP Opportunities: Wind energy projects



Project	Capacity (MW)
Velika Vlaina	42
Jastrebinka	20
Raška Gora	20
Krešića Gaj	20
Jasenjani	20-30
Podveležje	160-180
Pločno	20
Bahtijevara	30



Transport Infrastructure and Road sector projects

- § Roads
- § Railways
- § Aviation



Example: Pan-European Corridor

„E73/Corridor Vc“

Budapest (Hungary) - Osijek (Croatia) - Sarajevo (Bosnia and Herzegovina) - Port Ploce (Croatia)



Transport Infrastructure and Road sector projects



Corridor Vc:

- § Part of Pan-European Corridor
- § Connected to TEN Network
- § Main regional project



Other investment opportunities by road development program:

- § Highway D. Vakuf – Lašva
- § Motorway Gradiška - Banjaluka - Mrkonjić Grad - Šipovo – Kupres
- § Highway B & Hać – Izačić
- § Motorway Prijedor – Banja Luka - Doboj - Šamac - Bijeljina
- § Motorway Tuzla – Orašje

Transport Infrastructure and Road sector projects

Investment opportunities

- § Modernization of
 - § rail superstructure
 - § rail substructure
 - § signalization (incl. remote control)
 - § overhead contact line

- § Increased fleet sufficiency
- § Development of overall subsector in compliance with new law on railways

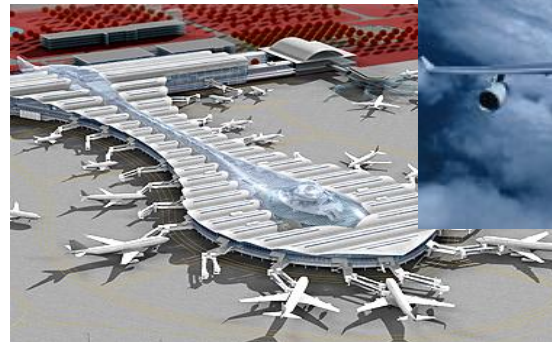


Aviation projects



- § 4 main airports complying to International Civil Aviation Organisation (ICAO) standards

- § Planned development programs include
 - § expansion of existing capacities
 - § upgrading of navigation equipment
 - § modernization of terminal buildings and runways



Public Private Partnership Projects



- § Make use of advantages by optimum allocation of risks of both
 - § public and
 - § private sector

- § Speed up construction process and reduce costs

- § Successful PPP-projects:
 - § ASFINAG (Austria)
 - § SCUT (Portugal)
 - § Athens International Airport (Greece)
 - § High Speed Line („HSL“, Netherlands)

Lansky, Ganzger + partners



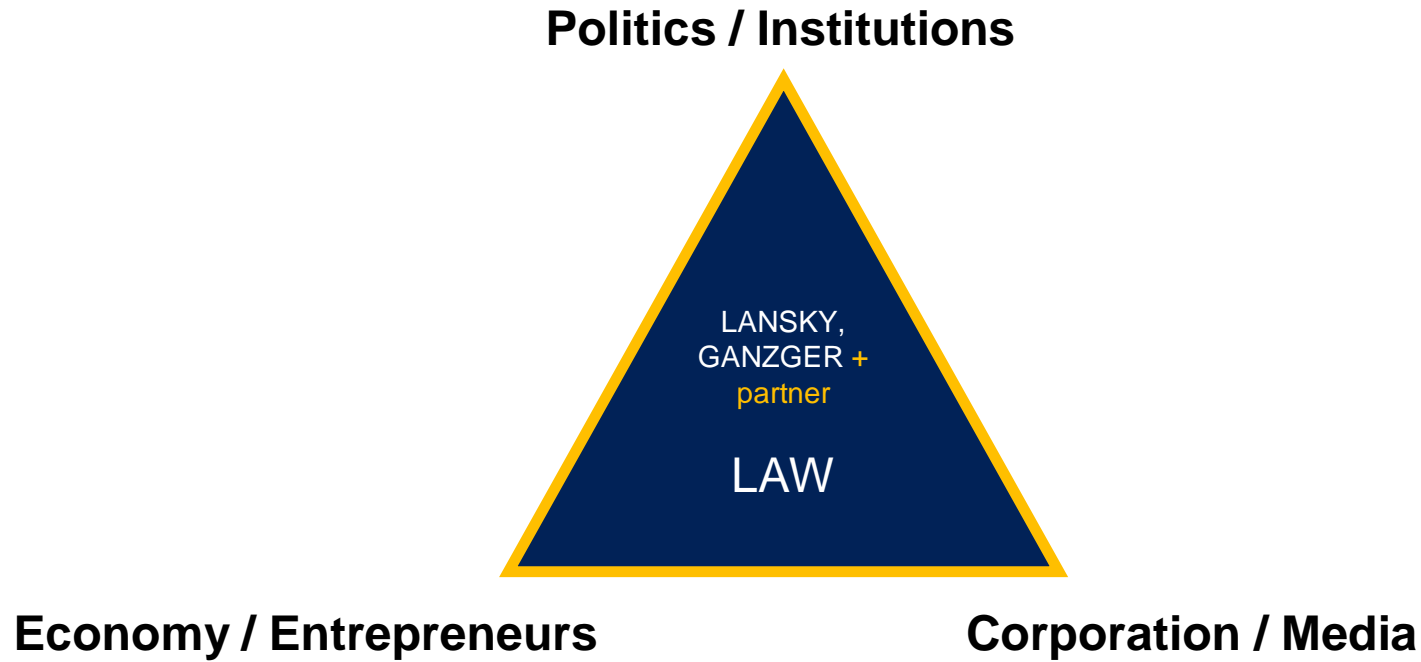
We are known for ...

- § advice on the accomplishment of important international economic projects
- § international awards for legal work in South-Eastern Europe (Legal 500)
- § Austria's largest CIS team
- § advising and representing leading international and national media; awarded for being the best Austrian lawyers in media law
- § advising foreign states and state-owned institutions in Austria
- § legal advice for governments in political matters
- § competent experts for human rights; successful ECHR claims
- § carrying on criminal law suits representing victims as well as defendant
- § advising large companies in the matter of criminal economic law and criminal corruption law

Lansky, Ganzger + partners



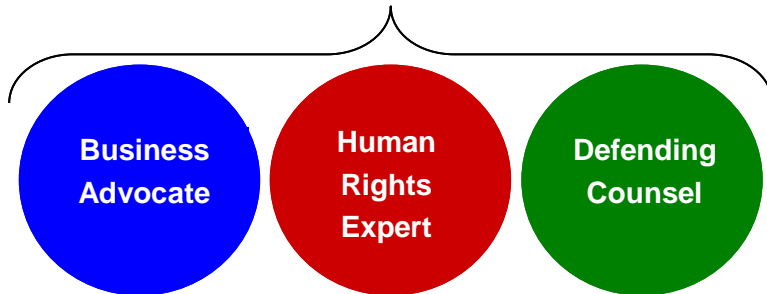
We are legal experts and intermediaries





Dr. Gabriel Lansky

Active over the last 30 years



- § **Registered lawyer in Austria, Brussels/Belgium, Slovakia and Hungary**
- § **Leader of the LGP criminal law team**
- § **Lecturer at the Faculty of Law of the University of Vienna (subject: legal lobbying in Austria and European Union)**

Thank you for your attention!

Lansky, Ganzger + Partner
1010 Vienna, Rotenturmstrasse 16-18, 29
Austria
T: +43 1 533 33 30-0
F: +43 1 532 84 83
E: office@lansky.at
W: www.lansky.at