



# WELCOME TO KOTOR VAROŠ MUNICIPALITY!

To the location traditionally known for leather, metal and wood processing industries, hard-working people and well-trained workforce.

Development trends in Kotor Varoš are surging upwards, boosted by booming construction, entrepreneurship and creativity. We are here to help you make your investment a success, for a mutual satisfaction.





Location of Bosnia and Herzegovina in Europe



Location of Kotor Varoš Municipality in Republika Srpska (RS) and Bosnia and Herzegovina (BiH)

## KOTOR VAROŠ: BASIC INFORMATION

The Municipality of Kotor Varoš is situated in the central part of Bosnia and Herzegovina, in Republika Srpska, 35 km from Banja Luka, which is a major regional administrative, economic, university and cultural center.

- LAND AREA: 560 km<sup>2</sup>
- ELEVATION: 700 m
- POPULATION: 18,361
- TIMEZONE: GMT+1
- LAND: Farmland of 23,000 ha of surface area suitable for fruit-growing (apples, pears, plums, raspberries, aronia, hazelnuts and walnuts), and livestock farming (cattle and sheep)
- CLIMATE: Temperate continental, average monthly temperatures range from -1.3°C (January) to +20.2°C (July/August), while the average annual temperature is +10.5°C

## CONTACT

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# WHY INVEST IN KOTOR VAROŠ?

Kotor Varoš Municipality provides to investors outstanding investment opportunities: investment sites, favorable conditions for investment and a clear vision of development. Kotor Varoš offers:

- 10 hectares of construction land on attractive locations and facilities owned by Kotor Varoš Municipality for both greenfield and brownfield investment, with access to infrastructure and competitively priced terms for use and development of construction land.
- Long tradition in machinery, wood processing, leather and textile industry, as the basis for development of new technologies and modernization of manufacturing, as well as well-educated and well-trained labor force.
- Multiple examples of good practices: successful investments of both domestic and foreign investors. Kotor Varoš companies work for global brands, such as Nike and Gabor in the footwear, and Audi and Ferrari in the automotive industry.
- Abundance of natural resources (water, forest, fertile arable land, natural heritage), offering investment opportunities in expansion of existing and development of new capacities in the strategic sectors. For wood processing the available quantities of wood in the category of high forest is estimated at 110,441m<sup>3</sup> of total available wood stocks; the most prominent type of local wood is beech which is one of the best in Europe.
- Unpolluted freshwater springs for investment in drinking water bottling enterprises.

## GEOSTRATEGIC POSITION AND TRANSPORTATION INFRASTRUCTURE

- Gradiška is the closest border crossing with Croatia (EU) for international road traffic of passengers and goods subject to inspection in the course of transport over the shared state border, 85 km away.
- The M-4 arterial road Banja Luka – Doboj constitutes the backbone of the road network in Kotor Varoš Municipality, linking the municipality with both Banja Luka and Doboj regions and beyond to major centers in BiH and neighboring states.
- The future corridor Vc, along the route Budapest (Hungary) – Sarajevo (BiH) – Ploče (CRO/EU), pass through Doboj and is 83 km away from Kotor Varoš.
- The E73 highway Belgrade (SRB) – Zagreb (CRO) is 95 km away from Kotor Varoš.
- Reaching the International Airport Banja Luka from Kotor Varoš Municipality takes 45 minutes by road.



Distance from Kotor Varoš to major centers in the region	km	Driving time
Banja Luka (BiH)	35	0 h 33 min
Zagreb (HR)	221	2 h 41 min
Ljubljana (SLO)	361	4 h 00 min
Belgrade (SRB)	365	3 h 55 min
Vienna (A)	593	6 h 03 min
Milan (IT)	849	8 h 35 min
Banja Luka Airport	50	0 h 45 min

## HUMAN RESOURCES

Capable and well-trained labor force is available in the municipality.

- Labor offer: 1.597 unemployed. The age structure of the unemployed is as follows:
  - ages 15 – 35 – 38%
  - ages 35 – 45 – 22%
  - ages 45 – 65 – 40%
- The qualification structure of the unemployed: Nonskilled workers (403) and skilled workers (616), high-school graduates (444), 240 ECTS credits (96), 180 ECTS credits (26), no education (1), semi-skilled workers (6), higher education (3), master (300 ECTS credits) (2).
- The most frequent occupations are: shoemakers, mechanical engineering and metal-processing technicians, shop assistants, and economic technicians.
- Every year 160 students graduate from the 'Nikola Tesla' Secondary School Center in Kotor Varoš and they are trained for the following occupations: mechanical engineering and metal processing, economy, law and trade, catering and tourism, and the graduates of the general-program secondary education and other occupations.
- New educational profiles: mechanical and metal processing (mechanical technicians for commuter aided design, mechanical technicians for the CNC machines, whitesmiths, welders), electrical engineering (technicians for information technologies), leather profession (shoemaker), economic profession (economic technician). Other occupations (hairdresser) start next school year.
- The closest university center is located in Banja Luka and it educates the profiles for the priority sectors in Kotor Varoš (mechanical engineering, electrical engineering, technology, construction, architecture, agriculture, economy, law, and medicine). The link: <http://unibl.org/>

## ECONOMY IN THE MUNICIPALITY

- The continuous activities of the municipal authorities are evident in improving economic indicators of Kotor Varoš Municipality:
  - The total 2019 revenues of the companies from Kotor Varoš Municipality amounted 216.832.911 KM, which constituted an 11,8% increase relative to 2018.
  - 2019 net profits of the companies from Kotor Varoš Municipality amounted 21.199.461 KM, which constituted an growth of 3% relative to 2018.
  - The average gross wage for Kotor Varoš Municipality in 2019 amounted 1.087 KM. In comparison, the 2019 average gross wage in Republika Srpska amounted 1.407 KM, which means that the average gross wage in our municipality was 320 KM, or 29,44% lower than the RS average.
- A total of 98 companies operates in Kotor Varoš Municipality. The backbone of economic development encompasses large, medium and small enterprises and individual private businesses that employ a total of 5.274 workers.

	Type of activity	No. of companies
1.	A-Agriculture, forestry and fishing	9
2.	B-Mining and quarrying	1
3.	C-Processing industry	31
4.	D-Production and supply of electricity, gas, steam and air conditioning	4
5.	F-Construction	7
6.	G-Wholesale and retail trade motor vehicles and motorcycles repair	20
7.	H-Transportation and storage	4
8.	I-Accommodation, hotel and catering activities	1
9.	L-Real estate business	2
10.	N-Administrative and support service activities	2
11.	P-Education	1
12.	Q-Health care and social work	6
13.	S-Other service activities	1
14.	E-Water supply, sewerage, waste management and environmental remediation activities	2
15.	J- Information and communications	1
16.	M-Professional, scientific and technical activities	6
	IN TOTAL	98

Table 1: Number of enterprises by type of activity / economic area (Source: Banja Luka Chamber of Commerce Information for 2019)

## NATURAL RESOURCES

Natural resources in Kotor Varoš Municipality are abundant:

- **Water** – The Vrbanja River and its tributaries are suitable for fish farming (particularly for brook and rainbow trout) and for construction of new run-of-river hydropower plants. The water and the hydropower potential of the Vrbanja River may be efficiently exploited through construction of mini-hydropower plants.

“The Government of Republika Srpska awarded 13 concessions for construction of mini hydropower plants in the Vrbanja River Basin with 12 of those in Kotor Varoš Municipality. Two mini hydropower plant has been built to date.”

- **Forest** – Beech (highest-quality in Europe), oak, fir and spruce are traditionally used as highest-quality raw materials for manufacturing furniture, joinery and other wood products.
- **Arable land** (23,000 hectares) suitable for fruit growing (apples, pears, plums, raspberries, aronia, hazelnuts and walnuts) and livestock farming (cattle and sheep).
- **Natural resources** – offer the opportunity for development of the hunting, fishing, sport, recreation, and rural tourism. Come and visit the Vrbanja River Basin; slopes of Mts. Vlašić, Uzlogmac, Čemernica, and Borja; Skakavac, Vilenska vrela and Bobas waterfalls; the Cvrčka River Canyon and the nature parks.

## PRIORITY SECTORS

Kotor Varoš Municipality has a long tradition in wood, leather and metal processing industry, which remain the backbone of economic development. The majority of current output is intended for exports to known buyers.

### Wood processing

The wood processing sector manufactures furniture, joinery, briquets, pellets and sawn lumber, predominantly for exports. The 'Fagus' Co. is the major investor in this sector. Seventeen more sawmills produce sawn lumber for domestic producers that manufacture final products, while a share of their output is exported. The raw materials for sawn lumber are forest wood products sourced from Kotor Varoš Municipality.

There are opportunities to invest in final stages of wood processing and in furniture manufacturing.

### Leather processing

Kotor Varoš Municipality has a long tradition in leather processing and quality, well-trained workforce, which makes it possible to implement European and world trends in manufacturing dress and sports footwear.

The showcase of Kotor Varoš Municipality footwear sector is its proven ability to manufacture 'NIKE' sports shoes.

“The 'NIKE' cleats shoes for the 2014 World Cup held in Brasil were manufactured in Kotor Varoš.

Exceptionally high-quality dress shoes of the well-known German 'Gabor' brand, famous for comfort and quality, are also manufactured in Kotor Varoš. Produced by a combination of traditional manual work and revolutionary technology, these shoes belong to a first-rate brand, both unique and beneficial to wear. They are available on the European market and also „Gabor“ and „Haix“ and „Alpina“..”

### Metal processing

In metal processing sector, the development is based on tradition, well-trained workforce and incentives offered to investors. Technicians for machine-based design are educated in the 'Nikola Tesla' Secondary School Center in Kotor Varoš. The plants of the 'Sim Tehnik' Co. produce parts for the 'Audi' cars and „Bosch“.

The municipality provides the sites for construction of metal processing plants, with the infrastructure developed up to the very location, on highly concessional terms and with a deferred-payment option.



## Agriculture and food processing

Kotor Varoš has potential for investment in agricultural production on 23,000 hectares of available arable land, and in capacities for processing fruit, meat and dairy products.

The soil is particularly suitable for growing healthy foods, which are in ever increasing demand on the regional and European markets.

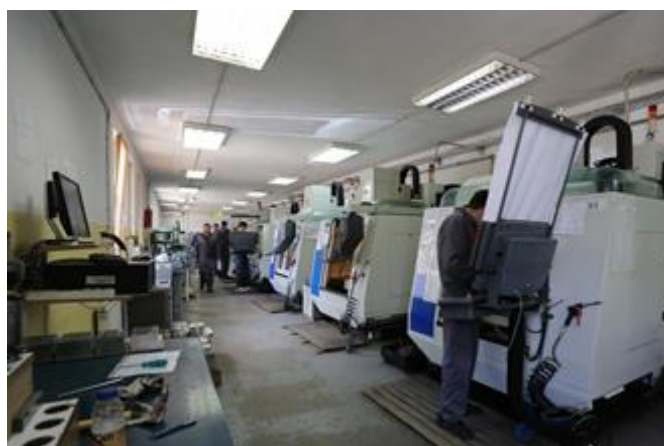
There are also the preconditions for development of livestock farming, in which the feed for livestock could be grown on land that was not chemically treated. In the area of Kotor Varoš there are at present some 8,000 heads of bovine cattle and small animals.

In the agriculture sector, the municipality offers investors land for fruit growing and livestock farming at very low prices, and the facilities for basing farming activities in the local communities of Maslovare, Kruševo Brdo, Šiprage and Grabovica.

## Tourism

Extensive tourism potential of Kotor Varoš Municipality is a basis for development of various kinds of tourism (hunting, fishing, sport and recreational tourism, excursion tourism, adventure tourism, mountaineering, religious and ecotourism). We encourage you to visit:

- The Vrbanja River, with its excellent potential for „fly fishing“.
- The 'Hajdučke vode' Sports and Recreational Center situated in the immediate vicinity of the Banja Luka – Teslić arterial road. The center is 23 km away from Teslić and 60 km from Banja Luka. Appropriate tourist signs are placed along the arterial road to help you find the center.
- The Liplje Monastery, situated at the foot of Mt. Borja, along the Bistrica River, lies 25 km west of Teslić. It dates back to XIII century and was a foundation of King Dragutin.
- Mt. Borje, where warm air from the Mediterranean and cold air from the continent meet, which makes the climate on this mountain suitable for sports activities and beneficial for health throughout the year.



## SERVICES PROVIDED TO INVESTORS BY THE MUNICIPALITY

The development of Kotor Varoš Municipality is based on the priorities defined in the following strategic documents:

- 2016-2020 Development Strategy, prepared according to MiPRO methodology
- Local Environmental Action Plan (LEAP)
- Spatial and Urban Development plans
- SECAP of Kotor Varoš Municipality

The municipality provides the following services to investors: construction permits, operating permits, environmental permits, agricultural permits, business information, document certification.

In recent years, Kotor Varoš Municipality has proactively pursued creation and enhancement of the local business environment, including the infrastructural development, as follows:

- *Upgrading of local and feeder roads, water supply and sewerage drainage systems; improvement of the banks of the Vrbanja River and installation of street lighting; construction and reconstruction of the power grid; building bridges; upgrade and reconstruction of the movie theater.*
- *Durable arrangements were made for solid waste disposal (in partnership between the 'Bobas' Utility Company and the 'Sportek' Co.).*

## INVESTOR INCENTIVES

The municipal administration offers targeted benefits to support investors:

- Lowest property tax rate in the region (0.06%)
- Various stimulative measures (direct budget incentives for different types of business and job creation projects and farming incentives)
- Benefits for procurement of construction permits (investors have the option of payment in interest-free installments over 3 years)
- Very brief waiting times for issuance of location conditions, construction and usage permits (15 days)
- Multiple options of available construction and agricultural land, on favorable terms
- Information for investors
- Adopted planning documents and established instruments for providing support to the business sector
- Support to existing investors through the Aftercare Program in partnership with the Republika Srpska Ministry for Economic Development and Regional Cooperation

“*'Sistem 48' Project – it ensures daily active communication and inclusion of all citizens in the project of developing local community across all dimensions of life and work, in order to enhance quality of life and business environment as the key factor for attracting investors.*”

## AVAILABILITY OF GENERAL SERVICES

- Registration of legal persons is performed at the One-stop-shop of the Branch Office of the Business Information and Financial Services Agency (Agencija za poslovno-informatičke i finansijske usluge – APIF), Ulica Cara Dušana bb, 78220, in Kotor Varoš, within 3 days. Link: [www.apif.net](http://www.apif.net).
- Four commercial banks, the Municipal Court and a public notary office operate in the municipality.
- Other information is available to investors:

Electronic registers containing a detailed presentation of permits and licences that the investors in Republika Srpska and Bosnia and Herzegovina need to obtain are available at the following links:

- Republika Srpska 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 investment incentives on all levels of government in BiH are available at the following links:

- Republika Srpska 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\\_publikacije/izvjestaji/default.aspx?id=6175&langTag=en-US](http://www.mvteo.gov.ba/izvjestaji_publikacije/izvjestaji/default.aspx?id=6175&langTag=en-US)

## SUCCESSFUL DOMESTIC AND FOREIGN INVESTMENTS

These companies are also the leading employers, and account for a significant share of women's and youth employment. All these companies further expanded their plants after their establishment, and increased output, exports and employment.

- **'Fagus'** Company, with a full manufacturing cycle, is recognizable in wood processing as joinery manufacturer.
- **'Sportek' doo** (investment from Italy) is a company manufacturing sports footwear, employs 2.300, including 1,300 women, and is the largest exporter in the Municipality. Since its establishment in 2002, the 'Sportek' Co. expanded its production facilities. Nine new production plants were built.
- **'Dermal R' doo** is a company that manufactures dress shoes for Gabor and military footwear for Western European markets. It employs 1065, mostly women.
- **'Sim Tehnik' Co.** is a firm that manufactures car parts (for 'Audi'), employs 290, mostly young people under 30. The entire output is exported.
- The Company **„Mehaničke konstrukcije doo“** produces different components of steel, aluminum, alloy and brass, employs 150.
- **„FTF“ doo** - locksmith products made of steel and aluminum, currently 9 employees

## LIVING IN KOTOR VAROŠ

In recent years, Kotor Varoš Municipality has strived to create conditions for modern, quality lifestyle, through numerous investment projects, new job creation, building of sports and recreational facilities and provision of other types of content that make Kotor Varoš an appealing place to live and work.

“ The Sports Hall and walking lanes along the Vrbanja River have been built, and nature parks created. Numerous cultural, entertainment and sports events are held throughout the year, greatly contributing to inhabitants' richer social life. The municipality has a rich cultural and historical heritage (Old Town and the City Plaza with century-old plate trees). ”





# **Kotor Varoš**

the place that guarantees the  
success of your investment

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[www.opstina kotor varos.com](http://www.opstina kotor varos.com)