

MUNICIPALITY OF **GRUDE**

It is our goal to provide ongoing care to each investor. Come to us in full trust and together we will make your investment project even more successful



INVESTMENT BROCHURE



INTRODUCTORY REMARKS FROM THE MUNICIPAL MAYOR

Dear investors,

It is my pleasure to present to you the investment brochure with all the benefits of investing into the Municipality of Grude.

The Municipality of Grude has recognised the importance of creating a positive business environment as one of the fundamental prerequisites for attracting investments. The investors in our Municipality have access to excellent business conditions crucial for the provision of services and the development of products competitive in both domestic and international markets.

Our dedication to this goal has already been acknowledged by numerous domestic and foreign investors who have been conducting successful business in our Municipality for many years now.

MAIN BENEFITS OF INVESTING IN THE MUNICIPALITY OF GRUDE:

- Extremely favourable geographical and traffic location of the Municipality of Grude
- Vicinity of the EU with a market of 500 million people
- Quick access to markets with affordable transport costs
- Ongoing economic growth and a strong entrepreneurial spirit
- Favourable business environment for entrepreneurship
- Well trained labour force with competitive pricing
- Competitive business costs
- Attractive investment locations
- Ongoing support provided to the investors by the Municipality of Grude
- Quality of life

It is our goal to provide each investor with continuous care. I would, therefore, like to invite you to come to us with full trust, and together we will make your investment project an even bigger success.

Welcome to the Municipality of Grude!

Grude Municipality Mayor
Ljubo Grizelj

WHERE ARE WE?

GEO-TRAFFIC POSITION OF THE MUNICIPALITY OF GRUDE

The Municipality of Grude is situated in the southwest part of Bosnia and Herzegovina (BiH) in the West Herzegovina County pertaining to the Federation of Bosnia and Herzegovina at the very border of Bosnia and Herzegovina and the Republic of Croatia (European Union). Good quality transport infrastructure gives access to global markets straight from the Municipality of Grude.



INTERNATIONAL ROAD TRAFFIC

The vicinity of the A1 Motorway (Vrgorac 28 km; Zagvozd 33 km) running through Croatia, part of the Pan-European Corridor Vb (connecting the north and south of Europe with Croatian ports) and the future Pan-European Corridor Vc (connecting Central Europe with the Adriatic Sea) provides the investors with a fast access to regional, European and other markets.

INTERNATIONAL AIR TRAFFIC

The Municipality of Grude is connected to regional, European and world markets by air traffic through international airports in Split (117 km), Sarajevo (166 km), Zagreb (485 km) and Belgrade (463 km).

INTERNATIONAL RAIL TRAFFIC

The investors have the opportunity to access rail cargo traffic via railway station in Čapljina (45 km) as well as regional, European and other markets via Railtrack 11 from the Municipality of Grude (Sarajevo – Čapljina – port Ploče (CRO)), which is connected to all other parts of BiH, the neighbouring countries and further through the railway track in Sarajevo.

INTERNATIONAL PORTS

The Municipality of Grude is connected with regional, European and world markets by sea and river transport through international seaports in Split (105 km) and Ploče (59 km), as well as international river port of Brčko (325 km).

INTERNATIONAL BORDER CROSSINGS

Border crossings with the Republic of Croatia

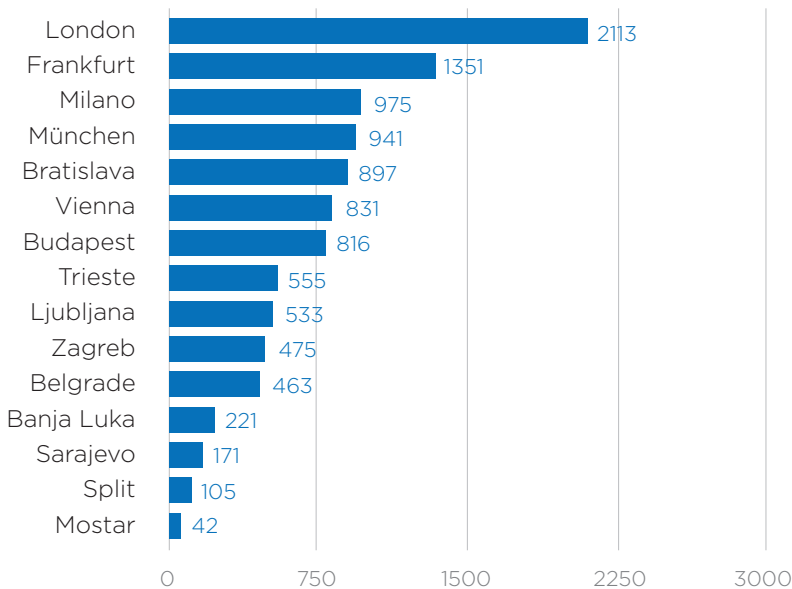
Border crossing Gorica (Grude) - Vinjani Donji (RC) / 14 km Category I border crossing in the road transport of people, all types of goods and transport means. This border crossing provides for the transport of fruit and vegetables that, in line with the legislation of the contracting parties, is subject to the market standards compliance control and health safety control during transport over the joint state border.

Border crossing Bijača (Ljubuški) - Nova Sela (CRO) / 37 km Category I Border crossing for international road transport, one of two Schengen border crossings (passengers and goods that in line with the contracting parties' legislation is subject to inspection controls of transport through the joint state border).

Border crossings with Montenegro

Border crossing Klobuk (BiH) - Ilino Brdo (MNE) / 174 km Border crossing for international road, goods and passenger transport.

Distance of Grude Centre from regional and European centres (in km)



Source: Municipality of Grude

MUNICIPALITY OF GRUDE

GENERAL INFORMATION

Surface (in km ²)	221 km ² (0,43 % of BiH surface)
Centre	Grude (13 settlements in total)
Population	17,308 (census from 2013.)
Population	16,947 (latest estimates on 31.08.2017.)
Terrain	The Municipality of Grude is situated around the Field of Grude. It has all the features of a relatively closed-off karts depression. Most of the West Herzegovina County territory belongs to the macro-region of the low (coastal) Herzegovina.
Climate	Sub-Mediterranean humid climate
Altitude	260-330 m
Time zone	GMT +1
Currency	BAM (1€ =1.95583 BAM)
GDP per capita (€)	3,981,82 €
Budget (€)	3,576,333,21 €
Unemployment rate (%)	19,29%
Employed population	3,453
Unemployed population	1,859
Average gross salary (€)	730 €
Average net salary (€)	476 €
Profit tax (%)	10%
Value added tax (%)	17%
Income tax (%)	10%

Source: Municipality of Grude

ECONOMIC PROFILE OF THE MUNICIPALITY OF GRUDE

The business sector is the leader of economic development in the Municipality of Grude. The economy is based on micro and small enterprises and trades and on several medium and large enterprises that are regional leaders in the processing industry. The total number of economic subject and entrepreneurs

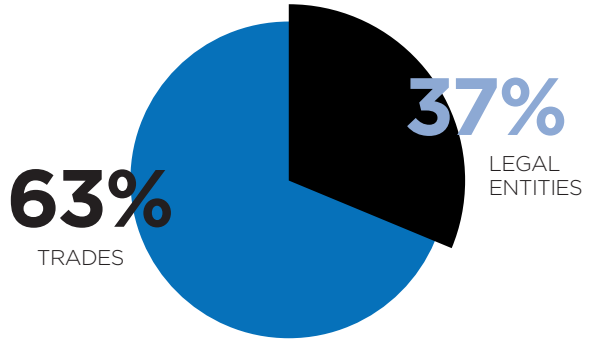
is 542. The Municipality of Grude is 9th in the Federation of BiH by the index of development, with continuous growth. The economy of Grude also shows continued growth of export (83% in the period 2012-2016). The private sector employs over 80% of the total number of the employed.

Business sector in numbers

Number of registered legal entities	542
Number of active legal entities (Ltd and plc)	201
Micro and small enterprises (up to 50 employees)	31
Medium enterprises (50-250 employees)	190
Large enterprises (over 250 employees)	9
Number of independent trades	2
Number of registered legal entities	341
Index of Development Ranking in the Federation of BiH	9
Days required to register Ltd (estimate)	30
Days required to close a legal entity (estimate)	30
Days required for location permit issuance (estimate)	30
Days required for construction permit issuance (estimate)	30
Days required for use permit issuance (estimate)	30

Source: Municipality of Grude

Structure of economic entities



THE MOST PROMINENT ENTERPRISES

Company name	Sector	Number of employees	Activity
Violeta d.o.o.	Pulp and paper sector / chemical sector	616	Reginal leader in the production of a wide range of hygiene products.
Grafotisak d.o.o.	Graphics sector	363	Production of graphic products, distribution of school stationary and office supplies for BiH and regional markets.
TP Drinovci d.o.o.	Service sector and trade sector	62	Import and distribution of confectionary products in BiH.

Company name	Sector	Number of employees	Activity
Bili Brig d.o.o.	Service sector and trade sector	104	Trade in beverages, general representative for BiH for several famous brands.
Franck d.o.o.	Processing sector	44	BiH market leader for espresso coffee, 30% of BiH market in the hospitality segment.
Autoherc d.o.o.	Passenger transport	72	Market leader in passenger transport in the WHC.
Bilton d.o.o.	Metal sector	10	Production and export of light metal packaging.
Putovi d.o.o.	Road construction and civil engineering	94	Road construction, embankment and asphaltting.
P.Z. VINO-Duhan-Voće d.o.o.	Agricultural sector	18	Import, sale and distribution of agricultural tools, seeds, fertilisers and other farming products.
Lumen d.o.o.	Processing and trade sector	55	Candle and lantern factory, wholesale and retail of decorative items

Source: Municipality of Grude

HUMAN RESOURCES

The investors have at their disposal various labour force profiles with professional and technical qualifications. The High School Centre in Grude provides education for general, expert and craft professions. The Municipality of Grude

offers all assistance in the organisation of professional training and requalification in line with the investors' needs. Students from the Municipality of Grude are attending universities across BiH and the Republic of Croatia.

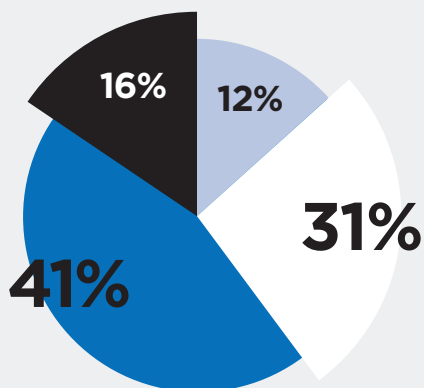
EDUCATIONAL INSTITUTIONS IN THE MUNICIPALITY OF GRUDE

Type of educational institution	Profession	Number of enrolments in the 1st grade in 2017/18	Number of enrolments in the 4th grade in 2017/18
Primary Schools		145	159
Secondary Schools			
Grammar School		66	67
Vocational School	Economic technician	31	27
	Construction technician	21	13
	Medical technician	50	53
	Pharmaceutical technician	14	11
	Commercial agent	11	21
	Electrical technician	5	6
	Engineering technician	1	3
	Computer technician	3	3
	Chemical technician	4	5
	<i>Vocations</i>		
	Waiters and chefs	15	22
	Hairdressers	3	2
	Electrician	2	3

Source:
Municipality
of Grude

Structure of unemployed by education

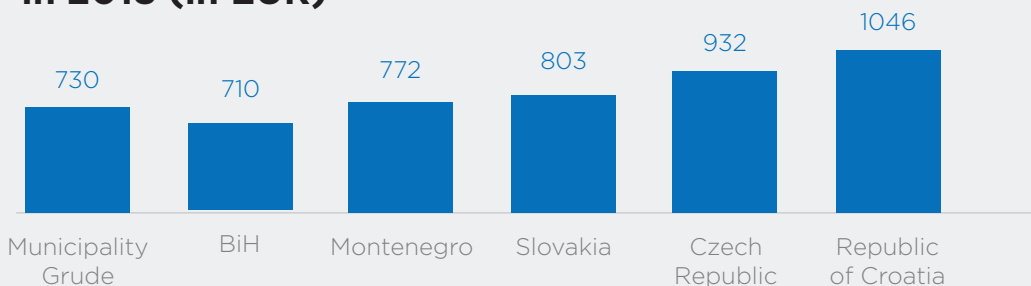
- Higher education
- Vocational education
- Secondary education
- Primary education



COMPETITIVE COSTS OF LABOUR

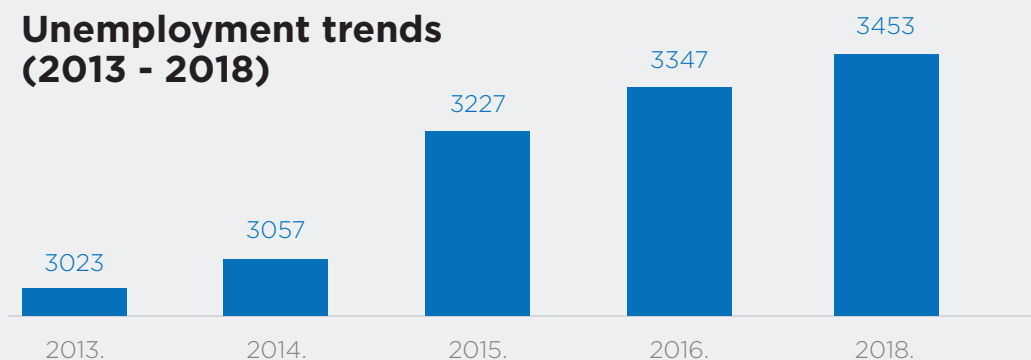
The Municipality of Grude, as an investment destination, boasts competitive gross salaries compared with other neighbouring countries. The employment in the Municipality of Grude rose by more than 14% in the period 2013 - 2018 (from 3,023 to 3,453).

Average gross salary in 2018 (in EUR)



Source: Municipality of Grude

Unemployment trends (2013 - 2018)

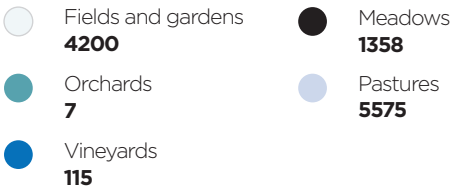


Source: Municipality of Grude

AGRICULTURAL RESOURCES

In the Municipality of Grude the Investors have at their disposal approximately 11,255 ha of arable land. Clean air, unpolluted soil and favourable climatic conditions of Mediterranean and moderate continental climate are beneficial for investing in agricultural production and food sector.

AGRICULTURAL AREAS BY USAGE CATEGORY (ha)



Source: Municipality of Grude

THE MOST COMMON CROPS

Source: Municipality of Grude

Type of crop	Surface area (ha)	Structure (%)
Cereals	420	31,16%
Potato	399	30,02%
Tobacco	121	9,10%
Feed crops	389	29,27%
Total	1329	100,00%

POTENTIAL INVESTMENT SECTORS

NAME	DESCRIPTION
Processing and service sector, trade sector	Business activities of over 72% registered business entities in the Municipality of Grude are focused around several key sectors: processing industry (hygiene products, graphics, packaging, food, metal, plastic), civil engineering, transport, trade, services, hospitality.
Business opportunities	Investment in production-industrial facilities with ecologically acceptable production in activities that create added value, especially in processing industry. Investment in the trade sector (distribution), services and hospitality.
Agricultural sector	The Municipality of Grude has approximately 2,838 ha of arable land. Clean air, unpolluted soil and favourable climatic conditions of Mediterranean and moderate continental climate are beneficial for investing in agricultural production and food sector.
Business opportunities	Greenfield investments in storage areas for fruit and vegetables with sorting and packing lines in the Business Zone of Grude "Pogana Vlaka - Poljanice". The most common fruits and vegetables are apples, figs and pomegranate and potatoes, gherkin, cabbage, pepper. Investment in the production of agricultural cultures in the watercourse zone, fish farming in the Rivers Vrljka and Tihaljina and crop farming and cultivation of grapevines in Bekije Field.
Tourist sector	The Municipality of Grude is located in the immediate vicinity of the Adriatic Sea, at the very entrance from Croatia to Bosnia and Herzegovina. The amazing landscapes covered with low vegetation typical for karst area, mild Mediterranean climate with occasional cold winds coming from the mountains of Vran, Čvrsnica and Čabulja, karst water springs, natural lakes and karst caves, traditional dining and historical landmarks make Grude one of the most attractive tourist destinations for outdoors and rural, adventure and religious tourism. The vicinity of tourist markets such as Međugorje, Nature Park Blidinje and the Adriatic coast offer plenty of development opportunities for transit and excursion tourism.
Business opportunities	Potential investment projects include the upgrade and construction of accommodation and hospitality facilities and various leisure and service amenities. The landscape and diversity of the area reflected in a large number of plant and animal species opens doors to the development of educational scientific, tourist/recreational and service activities.
Energy sector - renewable energy sources	The Municipality of Grude is located in the sunniest part of Bosnia and Herzegovina with 2,469 sun-hours annually on average. Herzegovina is one of the most favourable locations in Europe for investing in renewable energy sources from sun given that more than 1600 kWh of sun energy per 1 m ² is released every year. This advantageous position and natural resources of the Municipality of Grude also offer an opportunity of investing in hydro power and thermal power from biomass.
Business opportunities	Investing in renewable energy sources from sun. The establishment of special zones for self-standing solar power plants is anticipated for the Municipality of Grude.

Source: Municipality of Grude



NATURAL AND CULTURAL RESOURCES

NATURAL RESOURCES

Peć Mlini - Karstic source of the river Tihaljina (Trebizat) is part of the underground river in the length of 51 km flowing over and under the ground from Posušje, over Imotsko-Bekijsko field to Ljubuški, and finally flowing into Neretva. Along its course it has over nine different names. At the source of Tihaljina the water comes out of a cave made of reddish limestone rock (Cvitanjske stine) of up to 150 metres in height. There are numerous water sources in this area: Bartulovo vrilo, Jurića vrilo, Rašića vrilo, Modro oko, Nenač, and smaller streams: Jakšenica, Nezdravica and Dunaj. Old watermills are situated at the spring and there is a natural reserve with abundant flora and fauna biodiversity.

Ravlića cave - the cave is 95 m deep, its opening is 28 m wide and it is 20 m high, located immediately above the spring of river Tihaljina in Peć Mlini. The cave is home to the remains from the Neolithic period.

Krenica Lake - This natural landmark in Drinovac Field is surrounded with arable land and meadows from the east and oak forest from the north. It is of circular shape 300 m in diameter and 50 m deep (unexplored), filled by underground sources and thus never goes dry. A sport centre is built next to the lake with artificial beach. Ideal for fishing and leisure. The Krenica Lake often hosts motorcycle gatherings.

Vrbine caves near Kongore - A natural landmark and one of karstic morphological phenomena in Herzegovina.

HISTORICAL LANDMARKS AND CULTURAL EVENTS

Event “Šimićevi susreti” - One of the oldest cultural events in BiH. It is held each year in April/May to honour brothers Antun Branko and Stanislav Šimić, great Croatian authors and poets born in Drinovci. This event brings the most famous public and cultural guests from BiH an region to Grude and Drinovci. The event hosts theatre plays, art shows, book evenings and similar, and young people compete in poetry.

Nekropole stećaka in Ledinac, Tihaljina, Rašeljak and Ratac in Drinovci. Stećak is a tombstone from the Middle Ages representing the cultural heritage

- Archaeological sites in Gorica with baptistry from the IV and VI centuries.
- Museum of Croatian Franciscan Archaeological Collection of St. Stephen the First Martyr, Gorica-Sovići.
- Ethnographic Museum in Gorica.

Source: Municipality of Grude

COMPETITIVE BUSINESS COSTS

The national treatment of foreign investors in BiH and an extremely favourable tax environment – VAT rate of 17% and profit and income tax of 10%, are among the lowest in the region and Europe.

CONSTRUCTION PERMITS

The Service for Physical Planning, Property-Legal and Geodetic Matters and Cadastre (Department for Physical Planning, Construction, Environmental Protection and Housing and Communal Affairs) is the competent municipal service for issuing permits. Request forms with detailed

information relating the respective permits are available at the Info Desk of the Municipality, the competent Service offices or can be downloaded from the request registry at the web site www.grude.info and <http://eregistargrude.info/>

ISSUANCE OF CONSTRUCTION PERMITS

No.	Type of permit	Time of issue	Cost (in BAM/EUR)
1.	Location permit	30 days	Fee: <ul style="list-style-type: none"> Shopping malls, factories, hotels, larger tourist-hospitality facilities, cultural-sports centres, aquaparks, city cemetery with supporting structures: 700 KM (357.9 EUR) Urban-construction compounds: hospitality-tourist areas, sports and recreation, production and storage compounds, golf fields and similar: 800 BAM (409 EUR)
2.	Construction permit	30 days	Fee: <ul style="list-style-type: none"> Shopping malls, factories, hotels, larger tourist-hospitality facilities, cultural-sports centres, aquaparks, city cemetery with supporting structures: 700 BAM (357.9 EUR) Urban-construction compounds: hospitality-tourist areas, sports and recreation, production and storage compounds, golf fields and similar: 800 BAM (409 EUR)
3.	Use permit	30 days	Fee: <ul style="list-style-type: none"> Shopping malls, factories, hotels, larger tourist-hospitality facilities, cultural-sports centres, aquaparks, city cemetery with supporting structures: 560 BAM (286.32 EUR) Urban-construction compounds: hospitality-tourist areas, sports and recreation, production and storage compounds, golf fields and similar: 640 BAM (327.23 EUR) Fee: <ul style="list-style-type: none"> 100 BAM per committee member + 10 % tax (51,13 EUR + 10 %)

Source: Municipality of Grude

UTILITY PRICES FOR ECONOMIC ENTITIES

WATER

Pricelist of J.P. Komunalno d.o.o. Grude
<http://komunalno-grude.ba/wp-content/uploads/2014/08/Cijenik-usluga.pdf>

SEWAGE

Pricelist of J.P. Komunalno d.o.o. Grude
<http://komunalno-grude.ba/wp-content/uploads/2014/08/Cijenik-usluga.pdf>

POWER SUPPLY

Pricelist of J.P. Elektroprivreda HZ-HB
<http://www.ephzhb.ba/kupci/cijene-elektricne-energije/>

WASTE DISPOSAL

Pricelist of J.P. Komunalno d.o.o. Grude
<http://komunalno-grude.ba/wp-content/uploads/2014/08/Cijenik-usluga.pdf>

Telecommunication services

LANDLINES

Pricelist of J.P. HT Mostar d.d.
<http://www.hteronet.ba/poslovni-korisnici/fiksna-telefonija/paketi-telefoninternet/>

MOBILE PHONES

Pricelist of J.P. HT Mostar d.d.
<http://www.hteronet.ba/poslovni-korisnici/mobilna-telefonija/biznis-tarife/>

BROADBAND INTERNET

Pricelist of J.P. HT Mostar d.d.
<http://www.hteronet.ba/poslovni-korisnici/internet/adsl-internet/cjenik/>



APPEALING INVESTMENT SITES

BROWNFIELD SITE

1.	Name of building	Tobacco station
2.	Type of Investment	Brownfield
3.	Building surface and description	Tobacco station 4.000,00 m
4.	Ownership	Privatisation Agency of WHC
5.	Position in relation to transport corridors	The structures are located in the centre of Grude, along the main road M-6 Imotski-Ljubuški connecting the Municipality with the Republic of Croatia (EU) and other parts of BiH. The vicinity of the railroad (Čapljina 35 km), seaport (Ploče, RC, 59 km), motorway (Vrgorac 28 km) through Croatia (part of the Pan-European Corridor Vb) and the future Corridor Vc gives quick access for the investor from the Municipality to the wider European and other markets.
6.	Business opportunity	Buying/purchase
7.	Price	The price is formed in line with market parameters.
8.	Building infrastructure	The structure is connected to the water network and sewers as well as to the appropriate power supply. It has a large parking space.
9.	Building purpose	The building has storage and office space suitable for multiple purposes.
10.	Building investment documents issued by	Privatisation Agency of West Herzegovina County http://www.ladazzh.com/detalino.aspx?id=39
11.	Contact	Telephone: +387 39 700 298; +387 39 703 890 Fax: +387 39 703 236 E-mail: AP-ZZH@mail.com

Source: Municipality of Grude

GREENFIELD LOCATION BUSINESS ZONE POGANA VLAKA POLJANICE

BASIC INFORMATION ON THE ZONE

Ownership structure	Mixed ownership
Zone surface (ha)	35 ha
Number of plots	48
Zone purpose	Production/Service
Permitted business activities in the zone	Trade/services/utility service/production
Zone investment preparedness	Yes

TRAFFIC CONNECTIONS

	DISTANCE (in km)
Access road	To the main road M6, 1km
Motorway	Motorway A1 (CRO); Corridor VC; Bijača 30 km
Railway (industrial rail track)	Čapljina 39 km
Airport	Mostar 49 km, Split 123 km, Sarajevo 166 km
Seaport	Port Ploče 53 km; Port Split 111 km
River port	Port Brčko 333 km

INFRASTRUCTURE

	AVAILABILITY OF INFRASTRUCTURE / SERVICES
Water	Yes
Sewers	Yes
Power supply	Yes
Gas	No
Telecommunication network	Yes

OTHER ZONE INFORMATION

Number of enterprises	3
Enterprises	TP Drinovci d.o.o., Vectra d.o.o., MAT Transport d.o.o.
Number of employed	74
Local incentives for investors	Yes

Type of incentive: Buyers of the land in the business zone, after constructing a business facility and acquiring use permits, are stimulated with a return of 2 km/m² for every purchased m² of land in the zone.

Plots available for sale	23 ha
Price/m ²	3,07 EUR/m ²)
Plot size (min/max)	5,000 m ² to 10,000 m ² with the possibility of merging or dividing plots up to 2,500 m ² at least
Permitted construction coefficient	0,80
Maximum permitted number of levels /stories	P+1
Permitted construction height (m)	n/a
Minimum distance from the neighbouring plot	Min 6 m
Plot development	Min 15% of plots are green areas
Maximum permitted fence/hedge height	max 3 m
Minimum number of park places	n/a
Access road width	6 m
Water cost (km/m ³)	http://komunalno-grude.ba/wp-content/uploads/2014/08/Cijenik-usluga.pdf
Contact tel.	+387 39 662-142

Source: Municipality of Grude

CONTACT FOR INVESTOR SUPPORT



MUNICIPALITY OF GRUDE

Fra Gabre Grubišića br.4
88340 Grude
Bosnia and Herzegovina

Contact point:

Zdenko Spajić

*Head of Department for
Development with the Service
for Economy, Inspection
Supervision and Civil Protection*

Tel: +387 39 660 936

Fax: +387 39 660 930

E-mail: zdenko.spajic@grude.info

Web: www.grude.info

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