

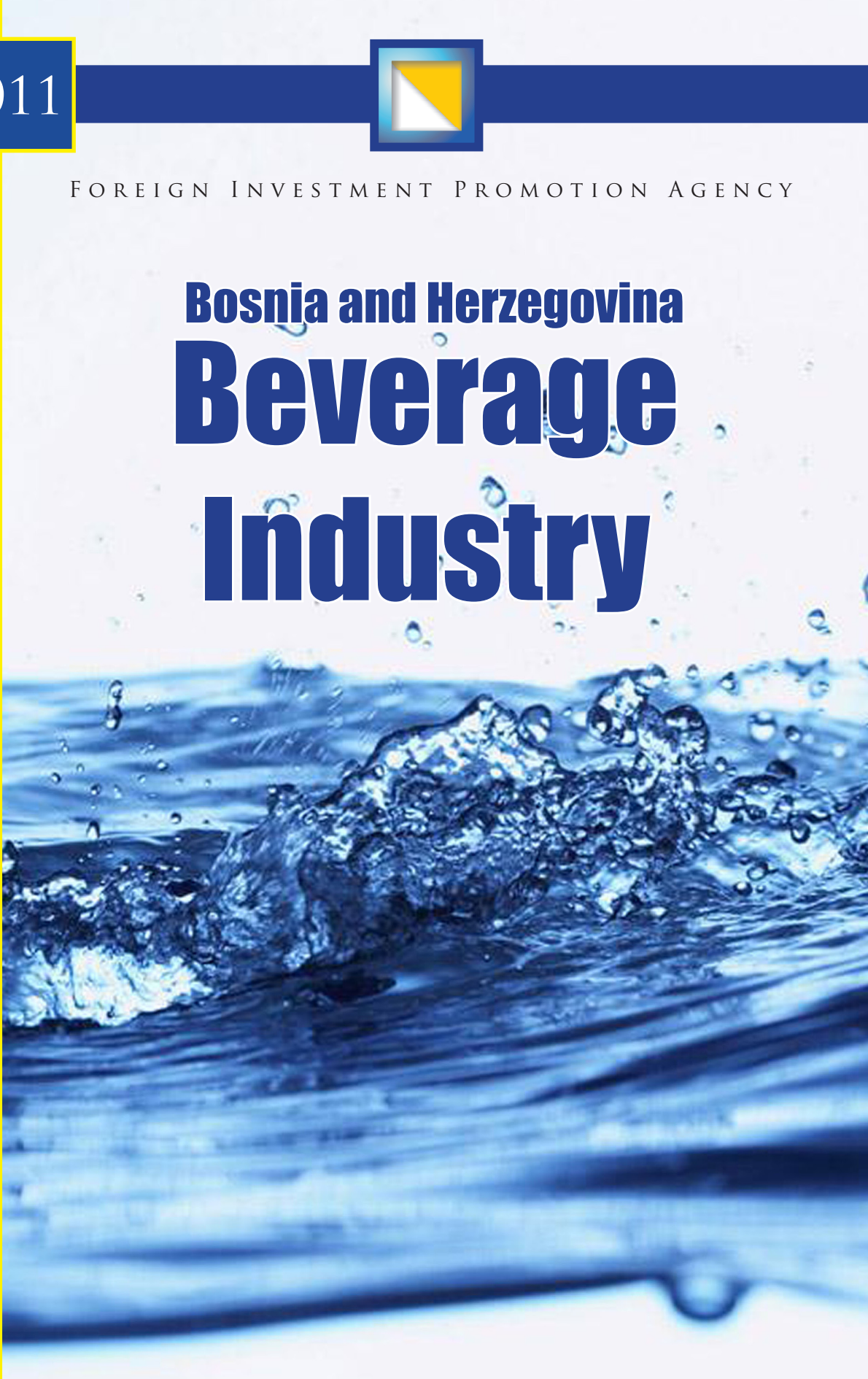
2011



FOREIGN INVESTMENT PROMOTION AGENCY

Bosnia and Herzegovina Beverage Industry

BOSNIA AND HERZEGOVINA INVESTMENT OPPORTUNITIES



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BOSNIA AND HERZEGOVINA

INVESTMENT OPPORTUNITIES



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BEVERAGE INDUSTRY IN BOSNIA AND HERZEGOVINA

The configuration of the soil, climate, and the volume of rainfall make Bosnia and Herzegovina a very rich country in terms of freshwater resources. The average annual precipitation in Bosnia and Herzegovina is about 1250 mm, i.e. 2030 m³ /s or about 125 inches annually.

The fresh water, the fresh fruits and vegetables, along with the skilled labor give Bosnia and Herzegovina (BiH) a reputation of excellence in the beverage processing industry.

Additional advantages are a strong demand in the domestic market as well as the widespread desire to revive the tradition of key companies and products in the beverage processing sector.

According to estimates, the existing beverage production meets only 45% of the local market needs, which is a clear indicator for potential investors in this sector. BiH investors are very confident in their competitive position, given unfilled domestic market demand, as well as a strong focus on export markets.



Multinational companies reported that their early entrance to BiH, with the intention of producing for the region and the wider market, has helped with their competitive positioning. Specifically, the corporation cited benefits that include high profits, deep market knowledge, and the establishment of distribution networks.



Non-Alcoholic Beverages

Bottled Water and Soft Drinks



People in Bosnia and Herzegovina drink annually more than 100 million gallons of mineral water. It is expected that future consumption of bottled spring water will be more significant than the consumption of mineral water. The chemical analysis of existing wells made by institutes of public health, show that the spring water meets EU standards of regulation on the quality of natural mineral waters.

The new capacities for production of bottled mineral water and refreshing non-alcoholic beverages have been built and modernized in the past years in Bosnia and Herzegovina .

The relevant Ministries have given concessions for companies to use drinking water for up to 40 years. A certain number of (larger) companies have modern production capacities and a very skilled workforce. They are also certified for ISO 9001:2000, HACCP system, and they are the holders of the international awards for quality.

Sarajevski Kiseljak (Ownership of the company "tAgrokor"- Croatia) is market leader for bottled water (€ 35 million turnover in 2009) followed by Vitinka (€ 11 million turnover in 2009).

Other companies producing bottled water are Sarajevska pivovara (Sarajevo Brewery), Ildzanski Dijamant, Oaza (Oasis), Planinski Biser (Mountain pearl) and Leda.

Despite having good resources of water, BiH is still a net importer, with imports mainly coming from Croatia (e.g. Jamnica) and from Slovenia.

BiH companies produce around 350 million liters annually. Out of that 50% is bottled water. Sales of bottled water outperformed soft drinks sales within Bosnia-Herzegovina during 2009 both in value and volume.

Market leader for soft drinks is Coca Cola HBC B-H with € 61 million turnover in 2009.

Fruit juices



In Bosnia and Herzegovina, there are about 10,000 orchards. The Fertile land and mild climate allows the growing of large quantities of different varieties of fruits, which are among the best in the world. Bosnia and Herzegovina developed the production of a wide range of high quality natural fruit juices.

Our companies have the most modern equipment, a professional workforce, and certification for ISO 9001:2000, HACCP, FDA KRAV standards, which opens them to the U.S and other markets.

The following table shows the significant BiH producers of mineral water, soft drinks and fruit juices.

No	Company	Address	Contact Person	Tel	Fax	E Mail
1.	Bihačka pivovara	77 000 BIHAČ, Vinička bb	Edin Ibrahimpašić	037 318 500 ; 037 318 508	037 318 500	preminger@preminger.ba
2.	Hercegovina Vino	88 000 MOSTAR Bišće polje bb	Veselko Čule	036 350 001	036 352 848	hercegovinavino@tel.net.ba
3.	Fruktona AD	78 000 BANJA LUKA Beogradska 24	Milenko Župljanin	051 309 288	051 308 957	fruktona@inecco.net
4.	Vitinka A.D.	75 401 KOZLUK Podrinska 109	Vladan Andrić	056 310 123	056 310 318	cana@vitinka.com
5.	Vitaminka	78 000 BANJA LUKA Braće Pišteljića 22	Žarko Marić	051 334 000	051 334 05	vitaminka.export@blic.net dzevad.sipka@kreis.ba
6.	Teloptic-Sinalco	71 240 HADŽIĆI MO- STARSKO RASKRŠĆE	Fahrudin Kurtagić Samir Selmanović	033 638 870	033 638 870	fahrudin.kurtagic@teloptic.ba samir.selmanovic@sinalco.bam
7.	Vegafruit	75 320 GRAČANICA		035 723 404	035 727 000	vegafruit@vegafruit.ba
8.	Tuzlanska Pivara	75 000 TUZLA Titova 163	Adnan Imerović	035 300 100	035 300 107	direktor@pivaratuzla.ba
9.	Sarajevska Pivara	71 000 SARAJEVO Franjevačka 15	Nazif Branković	033 491 100	033 446 000	spivara@bih.net.ba
10.	Coca Cola Beverages BH	Mostarsko raskršće bb 71 240 Hadžići	Sanja Pokrajčić	033 284 271	033 284 111	sanja.pokrajcic@cchbc.com
11.	Tešanjski Dijamant	74 260 TEŠANJ	lbro Omerbašić	032 657 033	032 657 033	diamond@bih.net.ba
12.	Sarajevski Kiseljak	Kraljice Mira 7 71250 Kiseljak	Tomislav Slišković, Branko Pušić	030 871 800 ; 030 871 805	030 879 619	skpop@sarajevskikiseljak.com
13.	Planinski Biser-Posušije	88 000 MOSTAR, Ante Starčevića 70	Stjepan Kolobaric	039 692 090 ; 036 346 224	039 692 090 ; 036 347 451	stjepan.kolobaric@tel.net.ba
14.	Spektar Drink	BIJELJINA, Sremska 4	Dorđe Slavinja	055 212 282	055 212 281	sdrink@teol.net
15.	Dsw	74 000 DOBOJ Vidov- danska 39	Dragan Vasiljević	053 241 404	053 241 404	dsw@teol.net
16.	Kuluglija	KLADANJ	Melisa Kuluglija	035 625 190	035 625 190	kuluglija@bih.net.ba
17.	Kreator	SOKOLAC	Branko Čolović	057 447 411	057 448 611	kreator@teol.net
18.	Princess	TEŠANJ		032 660 949	032 660 959	voce@bih.net.ba
19.	Golden Metro	BANJA LUKA Milana Sevilovića 5	Radimir Predojević	051 302 675	051 307 920	goldenmetro@inecco.net
20.	LEDA Dd,	88 220 ŠIROKI BRIJEG Stjepana Radića 3	Predrag Kovačić	039 706 570	039 703 009	leda@leda.ba
21.	MPT D.O.O.	88240 POSUŠJE H. S. Kosače 47	Miro Pavković	039 680 562	039 680 562	mpt@tel.net.ba
22.	Oaza	74 260 TEŠANJ	Zahida Bedak	032 666 315	032 650 813	
23.	Tropic International	78 000 BANJA LUKA Drenovica 105	Ivan Aleksandrov	051 437 713 ; 065 839 660	051 437 718	tropic.international@gmail.com
24.	Fabrika Sokova „Bony“	75 000 TUZLA, Morančići bb		035 808 640	035 808 640	info@vitalissokovi.ba



BiH Foreign Trade in the field of non-alcoholic beverages
01 January – 31 March 2010/11

Tariff Code	Product name	Export 2011		Export 2010		Index 2010/11
		Quantity / kg /	Value / KM /	Quantity / kg /	Value / KM /	
2009	Juice Fruit	37.065,32	34.808,90	30.500,00	93.623,49	37%
2201	Water, including mineral with no added sugar	3.257.105,11	451.509,23	1.458.052,68	449.939,93	100%
2202	Water, including mineral and carbonated with added sugar	5.060.120,62	2.945.562,53	4.739.413,96	2.699.088,50	109%
	Total	8.354.291,05	3.431.880,66	6.227.966,64	3.242.651,92	106%

Tariff Code	Product name	Import 2011		Import 2010		Index 2010/11
		Quantity / kg /	Value / KM /	Quantity / kg /	Value / KM /	
2009	Juice Fruit	802.479,57	1.483.519,23	893.172,85	1.397.470,02	106%
2201	Water, including mineral with no added sugar	7.394.123,22	3.110.519,92	7.728.381,93	3.227.394,69	96%
2202	Water, including mineral and carbonated with added sugar	19.370.869,27	19.082.361,49	18.809.486,93	18.134.642,10	105%
	Total	27.567.472	23.676.401	27.431.041,71	22.759.506,81	104%

Source: Foreign Trade Chambers of BiH

Alcoholic Beverages

Beer



Brewing Sector has a long tradition in Bosnia and Herzegovina. Currently there are six breweries in Bosnia and Herzegovina (five in FBiH and one in RS).

Banajalučka and Bihać breweries are located in Northwestern part of BiH; Sarajevo Brewery is located in the Central part of BiH ; Tuzla Brewery in the northeastern part of the BiH ; "Pivovara Grude" is located in Western Herzegovina (Grude) and Hercegovačka Pivara - Heppro in Southern Herzegovina (Mostar). Local production covers about 65% of the domestic market. Majority of beer imports come from Serbia and Croatia. Market leaders are Sarajevo Brewery (€ 39 mln turnover, 2009, owned by MIMS Group), Banja Luka Brewery (€ 11 mln turnover, 2009, owned by AltimaPartners LLP, United Kingdom) and Tuzla Brewery (€ 8 mln turnover, 2009, owned by MIMS Group). Also, there are Bihac Brewery and Grude Brewery. (The last line I removed)

History of wine-growing



Bosnia and Herzegovina inherits the culture of wine growing and production from the Illyrian period, and the Thracians who were the first ones to bring grapevine seedlings to the Balkans.

When talking about the history of wine growing in B i H, it is important to mention that BiH borders occupied a much broader area than today. Namely, Medieval Bosnia was once, without the later adjoined southern part (Hum), a distinguished wine-growing and producing country. In the Middle Age, almost every aristocratic family had their own vineyards. This is clearly evident in the first detailed cadastral records dating from the 15th and 16th century. Towards the end of the 19th century, with the first wine exports to Western Europe, the wine business has become a significant source of income in Herzegovina, and this trend holds true all over the world.



All of BiH's grape and wine production takes place in Herzegovina, mostly in the Mostar City area and Čitluk, Stolac, Ljubuški, Trebinje and Capljina municipalities area as well as a small number of vineyards



and wineries in the municipalities of Siroki Brijeg, Grude, Posušje, Neum, Prozor - Rama, Ravno and Jablanica. The Herzegovinian winemakers want to be recognized for their unique varieties of Žilavka and Blatina and to present themselves to the world through the wine that bears the richness of the soil and the fervency of the Herzegovinian sun.

Žilavka

The origin of the name Žilavka, probably comes from fine veins (vein = žila), visible in the period of the full maturity of grapes in the berry, through its thick but transparent skin. Its attribute, „Herzegovinian“ symbolizes the region of Herzegovina, where it grew, formed its characteristics, assimilated and identified with the sunny and hardy ambience of Herzegovina.

Žilavka wine attracts the admirers of a “good drop” with its singularity and unique qualities; a particular fragrance, roundness, and strength typical of southern wines. It bears the impression of Herzegovina.



The beautiful crystal clear yellow green hue, specific aroma, harmonious proportion of alcohol and acidity, and a rich extract, distinguish Žilavka from all other wines. It's a strong wine with 12 to 14 % of alcohol, 5 to 6 g/l of total acidity, with a total extract of 20 to 27 g/l. It gains its genuine plenitude and features the longer it is aging in the bottle.

The inhabitants of Herzegovina drink Žilavka with lamb, eel and other fresh-water and sea fish, as well as with cheese from bellows, and ham. It is best served refrigerated at 10 to 12 °C.

Blatina



Blatina is an autochthonous grapes variety of Herzegovina. It has a functional female flower (autosterile), and for that reason it is always cultivated in plantations with other varieties such as Alicante bouschet (Kambuša), Merlot, and Trnjak, which will at the same time pollinate Blatina.

Blatina is a high quality dry red wine, produced with the variety of grapes that has the same name, with 15% addition of pollinating varieties. It is a strong and fresh dry red wine with 12 to 13.5 % of alcohol, 5 to 7 g / l of total acidity and 25-32 g / l of extract. It has a dark ruby red color, particular and characteristic aroma, as well as a full and harmonious taste.

The highest quality can be achieved with up to 5 years of aging in wooden barrels. It is recommended to drink Blatina with strong meals, such as game-meat, roast beef, smoked meats and sausages and

fish stews. It should be drunk at 18 to 20 °C, from nicely shaped glasses or a traditional wooden jug. Beware of its strength! It has the sun condensed in it, along with all of the Herzegovinian summer heat collected in it.

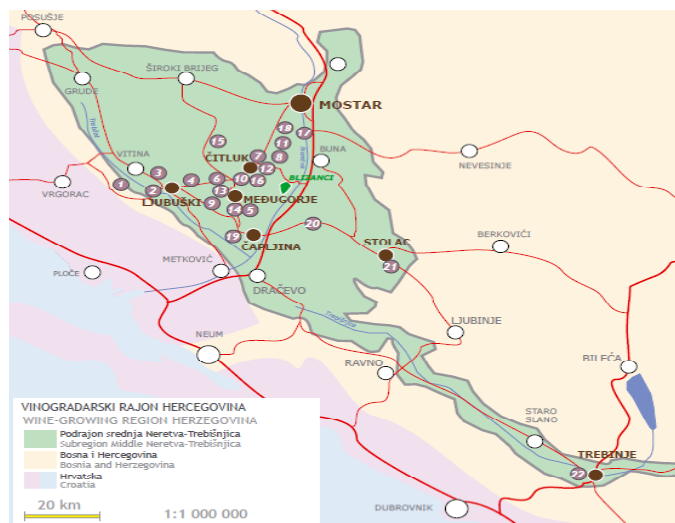
Wine-Growing regions

Until 1990, BiH had 5781 hectares of vineyards with 24,5 million vine plants of European grapevine inoculated on American rootstock. Out of this, 5691 hectares or 98,4% of vineyards belonged to the Herzegovina winegrowing region, while the north Bosnia region had 90 hectares or 1.6%. In the following table are shown the Herzegovina wine-growing areas of that period:

Herzegovina region Total / ha /	Herzegovina - Neretva Canton / ha /	West - Herzegovina Canton / ha /	Municipality Trebinje / ha /
5 691	4 274	1 040	377

Therefore, the Herzegovina – Neretva Canton was the bearer of wine-growing production, and the largest grapevine areas adorning the municipalities of Mostar, Čitluk, Čapljina, and Stolac. Out of the total area, the private sector occupied 3770 hectares, and the social one 2161 hectares. White wine varieties (about 70 %) prevailed over the red varieties (30%).

The most often produced varieties were Žilavka - white wine, and Blatina - red wine, and the accompanying varieties Bena, Krkošija, Smederevka, Vranac, Plavka, Merlot and Cabernet.



Herzegovina wine-growing region and sub regions



Wineries

Bosnia and Herzegovinian wine production amounted to about 25 million liters in 2009. BiH is a net importer of wine, with wine from FYR Macedonia and from Montenegro often being cheaper than the local wine.



Wine export mainly goes through wineries Herzegovina Vino & Citluk Winery (market leader, 400 ha vineyard, winery with 100,000 hl capacity) and Podrum Andrija. Hepok wineries (different locations) were privatized recently. .

Other smaller family wine cellars are, for example:

- Family cellars Begić, Škegro and Sušac - Ljubuški municipality area
- Family cellars AG Međugorje, Hercegovina Produkt, Brkić, Andrija, Buntić, Monako 2000, Prskalo, Vitai, Sivrić, Stankela, Stojčić - Čitluk municipality area
- Family cellars Rozić- City Mostar area
- Family cellars Rebac, wine Domanovići- Čapljina municipality area
- Stolački cellars – Stolac municipality area
- Family cellars Vukoje and Monastery Tvrdoš cellars –Trebinje municipality area

For more information on BiH' s wineries, including visiting information, restaurants that serve our wines, and special events, please visit our website at www.wineroute.ba

BRANDY

There are no exact records of the beginning of brandy manufacturing in BIH, but that manufacturing surely had a long tradition on this territory. From time immemorial, brandy has been called the "water of life" (eau de vie). Knowledge of distillation process has spread all over Europe and many countries manufacture distilled alcoholic drinks.



Discovering the origin of specific alcoholic drinks is not easy at all, since the recipes become a part of national pride. In the 15th century, manufacturing of "national drinks" in European countries began and nowadays there are very well known drinks from that countries, such as gin in England, schnaps in Germany, whiskey in Scotland, vodka in Russia and Poland and BRANDY in the Balkans.

Our natural brandies are produced by distilling a fermented mash of grapes, fruits and wild berries. The most popular brandies (with the longest tradition) are Šljivovica – "plum brandy" in Bosnia and "Lozovača"- grape brandy in Herzegovina. Recently, Viljamovka - a natural brandy which is made from the well-known Williams pear, has become one of the most popular brandies in the Balkan region.

Fruit brandies are produced from different varieties of fruits including:

- apple – Jabukovača
- apricot – Kajsijevača
- peach – Breskovača
- quince – Dunjevača

as well as from wild fruit such as: rowan, juniper, maginja and etc.

With excellent fruit resources, and an envious tradition we could become the leader in fruit brandy production.



Success stories



Vitaminka Banja Luka
Kreis Industriehandel AG Basel,
Switzerland



Coca-Cola Beverages BH d.o.o.
Sarajevo
Nederland



Kiseljak BiH
Croatia



Banja Luka Brewery, United
Kingdom -Altima Partners LLP

Useful contacts

Ministry of Foreign Trade and Economic Relations of Bosnia and Herzegovina
www.mvteo.gov.ba

Ministry of Agriculture, Water Management and Forestry of FBiH
www.fmpvs.gov.ba

Ministry of Agriculture, Forestry and Water Management of RS
www.vladars.net

Foreign Trade Chamber of BiH
Association For Agriculture And Food Processing – Cluster For Production And Trade Of Non
Alcoholic Beverages
web: www.komorabih.ba

The association of winemakers and winegrowers of Herzegovina
(Udruga vinogradara i vinara Hercegovina)
Address: Rudarska bb; 88260 Čitluk, Bosnia and Herzegovina
Tel: +387 36 642178

The association of winemakers and winegrowers of Eastern Herzegovina
(Udruženje vinara i vinogradara Istočne Hercegovine VINOS)
web: www.vinos.ba
e-mail: info@vinos.ba

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