

# INVEST IN TOURISM



SARAJEVO, FEBRUARY 2004



# Table of Contents

<b>SUMMARY</b>	5
<b>PREFACE</b> - Bosnia and Herzegovina Today	7
General Information	7
Economic Overview	8
Business Environment	9
<b>SECTION 1</b> - Why to Invest in BiH Tourism?	10
1.1 Potential of Tourism Sector in BiH	10
1.2 Favourable Business Environment	13
1.3 Transport Sector	16
<b>SECTION 2</b> - Attractions Suitable for Investment	18
2.1 Cultural and Heritage Tourism	18
2.2 Religious Tourism	20
2.3 Eco Tourism	21
2.4 Active and Adventure Sport Tourism	22
2.5 Spa and Resort Tourism	23
2.6 Mountain Tourism	24
2.7 Sea Tourism	25



# SUMMARY

Bosnia and Herzegovina (BiH) offers numerous tourism investment opportunities throughout the country in areas including hotels; motels; spas; restaurants; shops; and recreational, natural, historical, and cultural attractions. The geographical position of the country is an advantage for the future developments, as the region of Southeast Europe has been the star performer within Europe in the last years. According to the World Tourism Organization tourism growth in BiH has been rapidly increasing, growth rate in terms of tourist arrivals for the period 1995 – 2000 year was in average 24%.

BiH is being discussed as an up and coming travel destination because of recent trends and the country's strong underlying growth potential. The World Tourism Organization estimates that BiH will have the third highest tourism growth rate in the world between 1995 and 2020.

The variety of attractions present in BiH (culture, history, nature, sports, religion, health) offers tourists a multidimensional experience with key attractions that will appeal to each of these growing niche markets. BiH unlike any other Southeast European country has world-class ski slopes on which it hosted the Winter Olympic Games in 1984.

Nowadays BiH is re-establishing itself on the global tourism "map", and presents a prime tourism investment opportunity:

- BiH is well suited to take advantage of emerging international tourism trends. There is a global industry shift towards "niche" travel and of seeking new, untapped destinations. Endowed with a varied natural landscape conducive to sports and adventure activities; rich cultural, historical and religious assets; and unique natural resources (e.g. thermal waters). BiH is well positioned to compete in the growing worldwide travel market. In particular, international growth in tourism niches such as nature/ecotourism, sports, wellness, and cultural and educational tourism play to the advantages of the diverse offerings of BiH.

Annual Growth Projections 1995-2020	
Libya	12.6%
Oman	11.1%
BiH	10.5%
Vietnam	9.7%
Cuba	9.2%
Lebanon	8.8%
Cambodia	8.7%
Croatia	8.4%
South Africa	8.0%
China	7.8%
Egypt	7.7%
Indonesia	7.7%
Russian Federation	6.8%
Slovenia	6.0%
Turkey	5.5%

Source: World Tourism Organization

- BiH is within easy access of major tourism generating markets in Europe and the major growth markets of Asia and the Middle East. In the heart of the Southeast Europe, BiH is within easy access to major European population centres, which generate some 60 percent of the world's international tourist arrivals.
- BiH benefits from its location within an emerging regional destination. Tourism has been growing rapidly throughout Southeast Europe and the position of BiH within this larger growing regional market creates a positive "spill-over" effect for the future development in terms of tourism growth.
- BiH offers to potential investors various Greenfield and Brownfield investment opportunities. Several tourism-related facilities are scheduled for privatisation including the privatisation of hotels. Also there are plenty of new projects available to the investors.
- BiH offers a favourable tourism business investment environment with an increasingly active tourism promotion system.

BiH is an attractive tourism investment opportunity that offers investors the chance to get in at the ground floor of an up and coming tourism destination.

The Development Strategy of BiH – PRSP underlines the potential of the tourism sector for the national economy and its overall economic growth. Tourism has been recognised as the strategic and development priority in BiH.

# PREFACE - Bosnia and Herzegovina Today

## General Information

BiH lies at the very centre of Southeast Europe, bordered by other countries that made up the former Socialist Federal Republic of Yugoslavia and in close geographic proximity to West Europe, Middle East, Central Asia, the Russian Federation and North Africa. The country has a long history that stretches back to the major civilisations of the ancient world. The culture of its people has developed from a broad cross-section of influences: from Islam, Eastern and Western Christianity as well as Judaism, justifying BiH's claim that it is 'the country that connects East and West Europe.

The State of BiH is comprised of two entities, the Federation of BiH and the Republika Srpska. A freely elected multi-party system of government has been introduced at all levels with four years election period. The new election system is an additional sign of the State political stability. Also, Brcko District was established on March 8, 2000 as a condominium of the two BiH entities, under the direct sovereignty of the State of BiH.

Population estimates vary as to the total number of people living in BiH today, it is generally accepted that the total is approximately 3.85 million.

Bosnian, Croatian and Serbian languages are in use throughout the country that all people easily understand each other. There is a high degree of literacy among the population and many people speak English or German as a second language. Also Russian, French or Italian are spoken that makes easier communication with most of the international community, tourists and business people.



## Economic Overview

### General economic indicators

Indicators	1998	1999	2000	2001	2002
1. GDP, billion €	3.6	4.3	4.8	5.2	5.3
2. GDP per capita, €	991	1,155	1,271	1,380	1,522
3. Real GDP growth rate, %	18.0	10.6	4.5	2.3	3.5 e
4. Industrial production growth rate, %	35.0	1.6 2 10.6 1	8.82 5.61	12.21 -12.92	9.21 -2.52
5. Annual inflation rate, %	7.9°	6.5 1 1.0 2	2.0 1 8.0 2	1.7 1 6.0 2	0.11 2.02
6. Annual unemployment rate, %	38.0	39.3	39.7	40.3	40.9 *
7. Average monthly net salary, €	148	172	187	222	223
8. Current account balance, million €	-1,022	-1,339	-1,266	-1,708	-2,199
9. External debt (as a percentage of GDP)	68.1	71.9	68.7	55.7	54.9
10. Net foreign reserves, million €	141.65	432.85	510.6	1,333.3	1,231.6

Source: Central Bank of BiH, Statistical Office of BiH, Federal Office of Statistics, Institute for Statistics RS

Notes: e Estimation

1 Federation only

2 RS only

\*If we take into account informal sector real unemployment rate is about 20%

Macro-economic stability has been achieved by the adoption of a hard currency, the Konvertibilna Marka (KM), which is linked at a set value of 1,9558 to the Euro. Control of the KM is affected through the Currency Board of the BiH's Central Bank. Inflation rate is the lowest in the region of Southeast Europe, with the average rate less than 1% and it is predicted to remain the same in the near future.

There is a consolidation going on in banking sector. The number of domestic banks is decreasing year after year while the competition is increasing with foreign banks entering the market. According to the most recent data (Central Bank of BiH, 2003) private capital in banking sector contributes 92% apart of which is 72% foreign ownership. The introduction of a deposit insurance agency and presence of well-established international banks is enhancing the public's confidence in the banking sector.

Real growth in Gross Domestic Product (GDP) has been achieved from 1997 and is forecast to continue at from 3,3% to 7% in the next years according to the PRSP Development Strategy. This compares favourably with predicted growth in the global economy.

## **Business Environment**

BiH is now in process of serious economic recovery and improvement of business environment. Council of Ministers and entity governments are committed to remove all obstacles for normal functioning of market economy and creating favourable business climate. So, creation of single economic space, attractive for foreign investment is becoming reality in BiH.

The important task of BiH is implementation of midterm Development Strategy BiH - PRSP. Council of Ministers and entity governments have already adopted Development Strategy BiH, which main priorities in medium term (2004-2007) are:

1. Create conditions for sustainable economic development
2. Secure social stability and reduce rate of unemployment
3. Create conditions for full membership in the EU
4. Create conditions for a greater level of participation of BiH in world

In addition, last year a group of BiH business people, together with representatives of the main international financial organizations, launched the Bulldozer Committee. The object was to build a working partnership between BiH politicians and businesspeople and identify specific clauses in legislation that prevent companies from expanding their businesses and creating more jobs. 100 reforms are already implemented on the Committee proposal in less than 1 year! Some examples of these business environment-improving measures are: Eliminating Investment Barriers, Simplifying business registration procedure, Liberalization of Inter Entity Transport Regulations, Easing export of drugs and medicines from BiH, promoting recycling business and environment protection in BiH, etc.

EU membership is the basic aim of BiH. Progress on the "road map" towards formal negotiation of a Stability and Association Agreement (SAA) with the EU has been accelerated in 2003. Feasibility Study as main condition is positively recognized by EC, and BiH got additional 16 conditions to fulfil by the June 2004 in order to start with SAA.

# SECTION 1: Why to Invest in BiH Tourism?

## 1.1 Potential of Tourism Sector in BiH

Tourism is definitely one of the most powerful world economic sectors and for many countries it is a very important export product and generator of employment. Tourist journeys offer a variety of events and contacts, have an important impact on economy in general and affect ecological, social and cultural aspects of life. In structural analysis and long-term projections, tourism is seen as one of the most dynamic occurrences, having almost invaluable importance for the development of the world economy.

Notwithstanding oscillations in the world economy and different incidents that disrupt global stability, tourism shows fascinating resistance to changes in economic and social environments, which is supported by the fact that negative growth rates have not been recorded up to now.

Tourism has become a powerful ally in economies of many undeveloped countries. Small and medium enterprises are seen as a throb of this branch of industry and they have to be encouraged, supported and protected, so that by applying quality standards, training in the field of management and efficient usage of new technologies, a more organised business environment would be created.

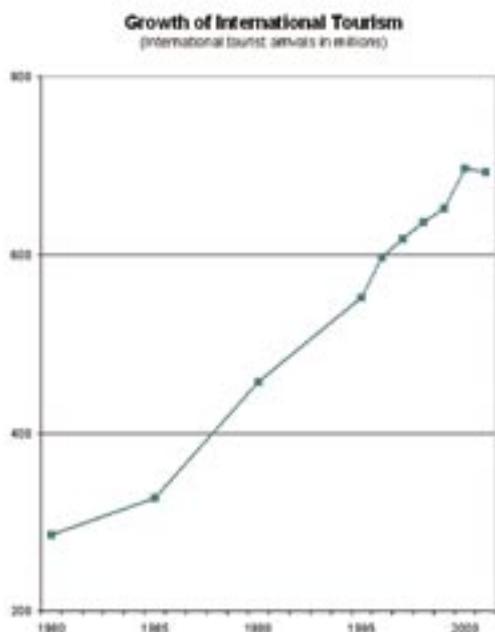
Development Strategy of BiH - PRSP puts emphasis on enormous tourism potentials in BiH that could boost development of national economy and contribute to creating many job opportunities. The strategy foresees that the easiest way to achieve mentioned goals would be through public-private initiative and partnership based on:

- Tourism as a strategic and development priority that would positively affect the intensity of economic activities, contribute to employment growth, modernization of infrastructure and enhance innovations and export
- Efforts to create an open and competitive market through liberalization of regulations in the area of tourism, giving particular support to project funding initiatives,
- Sustainable development, that requires cooperation on national, regional and local level; implementation of environmental and ecological standards and elaboration of a clear strategy,
- Elimination of development obstacles through harmonisation of current legislation, tax rates and investments in education.

BiH is a particularly interesting destination because of its geographic position, fascinating natural beauties, cultural-historical values and fairly favourable climate conditions. This is a region where different cultures, traditions and architecture meld and give BiH an additional value in respect of creating specific tourist products.

Contemporary analysis of market demand preferences show that several types of tourism are mentioned: cultural tourism, religious tourism, sports tourism, eco tourism in rural areas, mountain health tourism and seaside tourism. In all of these areas, BiH has a lot of unused potentials that, if market positioned, would extremely positively affect national economy.

*BiH Tourism is a Growing Market*

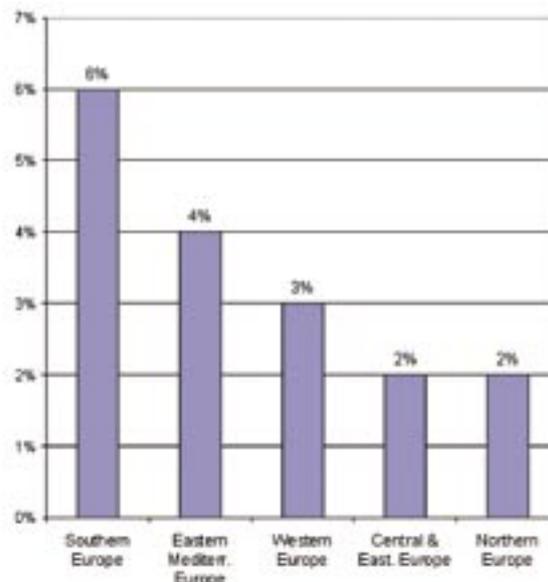


Tourism is one of the fastest growing industries in the world economy, accounting for about 10 percent of world GDP and almost 200 million jobs worldwide in 2002. Total international tourism receipts, estimated at \$ 464 billion in 2001, exceed those of all other trade categories. Furthermore, receipts have grown in a long-term sustained manner at over 12 percent annually between 1950 and 1995. International tourist arrivals have seen similar long-term growth, reaching 693 million in 2001, and are forecast to reach 1.2 billion by 2020.

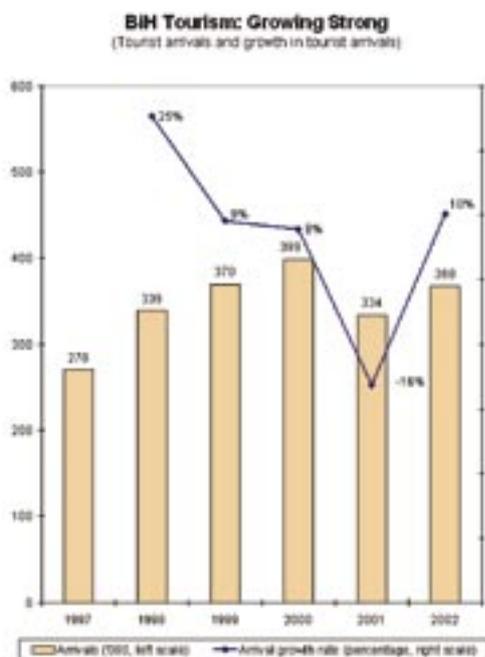
Source: World Tourism Organization

Tourism has been growing rapidly throughout eastern and southern Europe. Indeed, this region has been a star performer within Europe. BiH's proximity to these markets, particularly its neighbours Croatia and Slovenia, creates a positive "spill-over" effect for BiH and offers the potential to promote regional tour packages and to attract repeat visitors interested in the region.

**Southern Europe: a Strong Regional Growth Market**  
(Avg. annual growth in international tourist arrivals, 1995-01)



Source: World Tourism Organization



Source: Entity Statistics Bureaus

While the current number of tourists visiting BiH is small relative to major European destinations, BiH has been a top performer in recent years in terms of tourism growth. According to the World Tourism Organization, tourist arrivals grew by an average of 24 percent annually from 1995-2000. This growth rate rivalled that achieved by Croatia, and far exceeded that of Slovenia, during the same time period.

This tremendous growth was in part due to a rebound effect after years of instability that reduced tourism activities. Growth slowed to still respectable rates of around 10 percent in 1999 and 2000. As everywhere, arrivals fell significantly in 2001 as a result of the impact of 9/11 on the tourism industry. Growth has since rebounded to the previous trend of 10 percent annually in 2002, far above global trend growth rate of 4 percent. This growth has continued into 2003, where the first quarter saw an increase in tourist overnight stays of over 9 percent.

These figures are indicative of tourism trends in BiH, not of the actual levels of tourists or tourism incomes. This is because of significant deficiencies in the way tourism data is currently being collected. Analysts estimate that BiH actually receives over one million international tourists per year, or nearly three times the number actually reported (368,000 in 2002).

### *Proximity to Major Markets*

BiH is within easy access from major tourism generating markets in Europe and the major growth markets of the Middle East and Asia. In the heart of the Balkans, BiH is close to major European population centres, which generate some 60 percent of the world's international tourist arrivals. Moreover, some 88 percent of European international travel is to another European country. BiH is also centrally positioned nearby the fastest growing tourist generating markets of the Middle East and Asia. Major investments are being made to improve international transportation linkages, such as a project to build a high capacity, high-speed route from Budapest, Hungary to BiH and the Croatian coast as part of the Pan European Corridor 5.

## *Wealth of Cultural Heritage and Diversity of Attraction*

The variety of attractions present in BiH (culture, history, nature, sports, religion, health) offers tourists a multidimensional experience with key attractions that will appeal to each of these growing niche markets.

BiH is well suited to specialist tourism and can provide a largely unexplored and unexploited destination for the more adventurous tourist. Small groups with tailor-made itineraries can have a thrill-packed time in the remote mountains, white water rafting, kayaking, skiing, paragliding, and mountain biking or more leisurely, just hiking and enjoying the non-spoilt countryside. BiH is a safe place to visit and is being included as an all year destination by more and more foreign tour operators.

BiH unlike any other Southeast European country has world-class ski slopes on which it hosted the Winter Olympic Games in 1984.

### **1.2 Favourable Business Environment**

#### *Law on the Policy of Foreign Direct Investment*

As part of its efforts to attract foreign investment, the Parliamentary Assembly adopted Law on the Policy of Foreign Direct Investment, establishing favourable treatment of foreign investors and protection of their investments. It guarantees that foreign investors have the same rights to invest, and to reinvest profits of such investments, in any and all sectors of the economy of BiH, and in the same form and under the same conditions as defined for the residents of BiH under the applicable laws and regulations of BiH. Under the Law on the Policy of Foreign Direct Investment, foreign investors can benefit from the following rights:

- Exemption from payment of customs duties and customs fees for investment;
- Right to open accounts in any commercial bank in domestic or any freely convertible currency on the territory of BiH;
- Right to transfer abroad, freely and without delay, in freely convertible currency, any proceeds resulting from the investment;
- Foreign investors in BiH have the same property rights with respect to real estate as the citizens and the legal entities of BiH;
- Protection against nationalisation, expropriation, requisition or measures having similar effects; such measures may take place only in the public interest in accordance with the applicable laws and regulations and against the payment of an appropriate compensation, i.e. compensation that is adequate, effective and prompt;
- Right to freely employ foreign nationals, subject to the labour and immigration laws in BiH.

In addition, the rights and benefits of foreign investors granted and obligations imposed by the Law cannot be terminated or overruled by subsequently passed laws and regulations. If any subsequently passed laws and regulations are more favourable for the foreign investors, the latter have the right to choose under which regime the respective foreign investment to be governed.

#### *Law on Concessions*

Concessions are regulated by the Law on Concessions at the state, entity and cantonal level. Decisions on concessions are made by the Commission on Concessions, based on a previously publicly announced concession competition or on an individual request for concessions.

#### *Profit Tax Exemption*

In Federation BiH if foreign investment exceeds 20% of company equity (including 100% investment), that company is exempted of profit taxes for the first five years, proportionally to foreign stakes in the total capital of company.

#### *Labour*

Labour is plentiful, wage costs are relatively low, and much of the population has excellent foreign language skills. A highly qualified and motivated workforce and hospitable environment with a long tradition in customer service are some of the most important attractiveness of BiH.

Average net wages in June 2003 were 263 Euro in F BiH and 189 Euro in the RS. A number of education and training programs focus on human resource development in the tourism industry and a tourism graduate course is currently being implemented under the auspices of the EU Tempus program.

Table Average monthly net wages (Euro):

1998	1999	2000	2001	2002	2003 (March)
148	171	187	221	223	236

Source: Central Bank of BiH

### *Stable Currency Linked to Euro*

The overall macroeconomic situation is stable. The national currency, the Konvertibilna Marka (KM), is fully convertible and pegged to the Euro. Inflation has been low due to sound public sector fiscal management and the existence of a currency board managing the KM. Also, BiH has recorded permanent increase of foreign exchange reserves.

Furthermore, reform, modernization and competition in the banking sector have been bringing interest rates down. During the last two years, foreign capital in the BH banking sector has become one of the most significant positive signs of BiH economy attractiveness. Surely, the fact that BH is the first country in the region to eliminate Payment Bureaus boosted this inflow. According to the most recent data (Central Bank of BiH, 2003) private capital in banking sector contributes 92% apart of which is 72% foreign ownership. The introduction of a deposit insurance agency and presence of well-established international banks is enhancing the public's confidence in the banking sector.

The largest foreign banks present in our country are Raiffeisen Bank (Austria), Volksbank (Austria), Hypo Alpe Adria Bank, Hypo Vereins Bank, Turkish Ziraat Bank, Zagrebačka Banka (Croatia, Unicredito-Italy), Bosnia Bank International (UAE, Saudi Arabia), Commercebank, Balkan Investment Bank and other.

### *Protection of Foreign Investors*

Foreign investors concerned about risks of transfer restrictions, expropriation, war and civil disturbance, and denial of justice can be insured against these risks from the European Union Investment Guarantee Trust Fund for BiH, administered by the Multilateral Investment Guarantee Agency (MIGA, part of the World Bank Group).

The International Development Association (IDA, also a World Bank Group Member) and the Investment Guarantee Agency (IGA – domestic institution) provide guarantees against political risks for short and medium-term commercial transactions between Bosnian enterprises and foreign companies, suppliers and banks.

BiH is eligible for assistance from the US Overseas Private Investment Corporation (OPIC), which also provides political risk insurance for investors.

In addition BiH so far has signed 30 Agreements on Promotion and Protection of Investments with following countries: Austria, China, Croatia, Czech Republic, Egypt, Finland, Germany, Greece, The Netherlands, Hungary, Iran, Italy, Kuwait, Macedonia, Malaysia, Moldova, Qatar, Pakistan, Portugal, Romania, Slovenia, Spain, Sweden, Switzerland, Turkey, Ukraine, United Kingdom, USA, Serbia and Montenegro and OPEC Fond.

### 1.3 Transport Sector

The total length of roads is 21,677 km, out of which 3,722 km are main highways, 4,104 km regional roads and 13,851 km local roads. The main road network still needs significant rehabilitation. There has been and will continue to be much international investment from the international community to upgrade BiH's roads and railways.

The necessity for a regional approach to planning is best illustrated in the proposal for the Balkan branch of the EU's TEN Network. The section referred to a Corridor Vc of the four-lane highway is intended to provide a connection between Budapest in Hungary and the Adriatic port of Ploče. The route through BiH, although not yet finalised, will connect the major industrial centres of Doboj, Zenica, Sarajevo and Mostar, before re-crossing the Croatian border at Opuzen on route to Ploče. Section from Sarajevo to Visoko (11 km has been completed and second phase 9 km is about to begin) is under construction. Council of Ministers of BiH is currently in process of making Feasibility Study for construction of Vc Corridor as a precondition for International tender procedure to get the best investor (probably through concession). Once completed, this access road will provide a corridor for economic development along most of its length. It will boost development of tourist sector.

Projects underway including an EBRD approved € 21 million loan for the modernization of rail networks leading to ports and other points of access. This will form a part of the Pan European Corridor 5, running from the Croatian port of Ploče, via Sarajevo and Brcko in BiH to Budapest in Hungary. The length of railways network is 1,031 km, out of which 94-km double track, and 777 km electrified.

There are four airports in BiH. The biggest one is Sarajevo International Airport and it has been completely reconstructed by the international community and the runway resurfaced. Airport Mostar has also been upgraded and there are two other international airports at Banja Luka and Tuzla.

The straight-line distances between Sarajevo and major European cities are shown in the table below:

To	Distance (km)	Direct flight
Belgrade	206	Yes
Brussels	1310	No
Budapest	407	Yes
Frankfurt	1013	Yes
Istanbul	930	Yes
Ljubljana	389	Yes

London	1620	No
Munich	708	Yes
Paris	1349	No
Prague	755	No
Rome	516	No
Vienna	511	Yes
Zurich	859	No
Zagreb	288	Yes

## SECTION 2: Attractions Suitable for Investment

BiH contains a treasury of attractions, much of these resources are not yet being utilized. While some sites may require substantial investment in infrastructure upgrade before they could be effectively marketed, many attractions are already serviced by accommodation and other elements that are satisfactory or can relatively easily and quickly be brought to international market standards.

The variety of attractions present in BiH (culture, history, nature, sports, religion, health) offers tourists a multidimensional experience with key attractions that will appeal to each of these growing niche markets.

Lot of investment opportunities could be found in the following subsectors:

Cultural and heritage tourism, religious tourism, active and adventure sport tourism, spa and resort tourism, mountain tourism and see tourism.



*Ancient Roman ruins in Mogorjelo*

### 2.1 Cultural and Heritage Tourism

According to the information of the WTO, around 37% of all international travels nowadays include some elements of culture, and it is foreseen that by 2020 the demand for such products will increase by 15% annually. In addition to promulgation of cultural values, this type of tourism brings significant funds, which is positively reflected in local economies. Cultural tourism has an important advantage - it does not depend on weather conditions, i.e. negative effects of seasonal work are avoided, which is very important, since areas that are to a great extent oriented to specific types of tourism may sometimes be seriously affected. Tourist policy and activities should clearly recognise artistic, archaeological and cultural heritage that has to be preserved and handed over to future generations.

BiH's rich past at the crossroads of civilizations, history, and cultures makes it one of the richest cultural heritage regions of southern Europe. BiH is a magical journey through lands that once hosted Roman explorers and Ottoman invaders. With Islamic, Christian and Judaic influences, it rightly lays claim to being a country "that connects East and West." The territory of BiH is scene of many dynamic historical events; one can sense endeavours, development, matur-

ing and destruction of many civilisations and cultures that left numerous praiseworthy deeds. This is authenticated by many archaeological sites, dating from the New and the Old Stone Age – Palaeolithic and Neolithic, through early Iron and Bronze Ages to the ancient and early historical, Roman and Medieval sites. BiH is still discovering archaeological finds and has ancient Roman ruins, unique Stecci -Bogumil graveyard of the heretic Bosnian church (Radimlja near Stolac 133 tombstones from XV and XVI centuries) and boasts a significant oriental style from its Ottoman rule, along with a distinct Austro-Hungarian imprint. Moreover, BiH is the site of such pivotal moments in history as the assassination of Prince Ferdinand in Sarajevo that sparked the First World War.

Tourist policy and activities should clearly recognise artistic, archaeological and cultural heritage, that has to be preserved and handed over to future generations, paying special attention to preserving cultural monuments, places of worship, museums, archaeological and historical sites and locations that have to be made accessible to tourists, but also ensuring full respect of ownership rights and no disturbance of religious ceremonies.

Modern tourists will find interesting and friendly hosts, educated guides who can provide them with comprehensive and vivid information and fascinating local erudition. BiH possesses excellent resources and this type of tourism could become a very important segment of tourism industry and affiliated businesses.

Major towns and locations surrounding sites of cultural-historical heritage in BiH can offer more than 15,000 beds in hotels, motels, pensions and rooms. In 2003, there were more than 200,000 overnights, which represent 25% of total overnights in BiH. Sarajevo, Banja Luka, Mostar, Tuzla, Zenica, Bihać, Trebinje are the towns that had majority of overnights and visitors, with large concentration of accommodation capacities, since those are administrative and political centres where government administrative units are located, along with numerous diplomatic-consular offices and many international governmental and nongovernmental organisations. These are the towns with highest density of cultural-historical and artistic heritages, cultural-historical monuments, where different artistic, entertaining, economic and other events take place.

A lot of cultural events take the place in whole country, as the most important are Sarajevo Film Festival, International Theatre Festival MESS, Sarajevo Winter and Jazz Fest Sarajevo. The most popular event in Sarajevo is definitely the Sarajevo Film Festival. It also provides a venue where new films of young directors in the region of Central and Eastern Europe can be seen. During the festival a open air cinema welcomes 2500 guests.



*Town of Pocitelj - founded during Ottoman Empire*

## 2.2 Religious Tourism



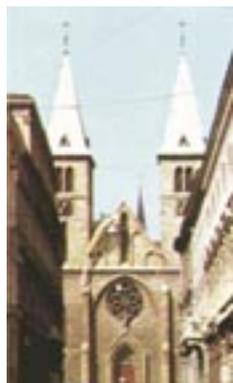
Medjugorje

With Christian both Catholic and Orthodox, Islamic, and Judaic influences, BiH rightly lays claim to being a country “that connects East and West.” BiH also has some important religious sites, such as Medjugorje, where, in the early 1980’s, several young parishioners received a vision of the Virgin Mary. It is now the second most popular catholic pilgrimage site in the world, having received over 20 million visitors.

Muslim pilgrimage of Ajvatovica has been bringing thousands of visitors from throughout the region for the last 494 years and the Maiden’s cave near Kakanj. A number of medieval orthodox monasteries, such as the 15th century St. Tvrdoš near Trebinje, Lovnica near Šekovići draw thousands of visitors from the neighbouring countries and throughout Europe.



Ali-Pasha Mosque



Catholic Cathedral



Orthodox Church



Jewish Synagogue



*Lukomir - highland Village on Bjelasnica, 1469 meters*

## 2.3 Eco Tourism

Eco tourism developed from insignificant “ecologically and socially responsible way of travel” to economically important product, “product with a natural component”. Eco tourism creates opportunities for development of underdeveloped regions and for sustaining and funding land marked areas. There are two major segments of eco tourism: small groups particularly interested in eco tourism who spent their entire holiday in that way, and a number of those who spend their holidays in towns, at beaches, but also take “short trips into the country”.

There are national parks in BiH (Sutjeska and Kozara), extremely attractive land mark areas, rivers, lakes, caves, unpolluted environment, that offer great potential for development of eco tourism, hunting tourism, rural tourism, mountaineering tourism in the course of the year, day-trip tourism ...

Density of villages in mountains in BiH is an advantage, so are picturesque water-mills and cottages (“katuni”), where tourists can relax and indulge in home ambiance that resembles that of a weekend house. On top of that, one can enjoy local folklore and gastronomy. As many tourist experts think, BiH although a small country, owns rich natural beauties and offers its visitors to see and experience intact nature. Fortunately, BiH preserved many of its natural assets that can meet the criteria to be incorporated in the world natural heritage. Those are, among others, canyons of Rakitnica and Krušnica, primeval forest of Perućica, lakes like Blidinje, Prokoško, Šatorsko and Boračko, waterfalls Kravice, Skakavac, Kozica, the Una river with its waterfalls, the upper Neretva, the Buna River Source.



*Lake of Trnovo*

Areas of Šipovo and the Plivsko Lake, Nevesinje and Blagaj are included in the Japanese Government Project on the Development of Eco Tourism. Natural Parks “Hutovo Blato” and “Bardača” are among best preserved swamps in Europe and famous settlements of migratory birds and for years included in different programmes of Italian, American and German organisations for preserving and prosperous development of land mark areas. National Parks “Sutjeska” and “Kozara” are subject of interest of numerous government institutions and the



*A hike in the unexplored beauty of BiH*

Laws on Concessions are being drafted. Private initiative already produces certain results, the example of the eco centre “Mljekarica” near Prijedor, gives reasonable hope that this type of tourism will expand in the near future.

## **2.4 Active and Adventure Sport Tourism**

Adventure tourism is growing rapidly. BiH has prime opportunities for nature lovers and active tourists with lush forests and endemic pine trees, rivers, lakes and breathtaking landscapes.

Together with Treskavica, Trebević, Romanija, Ozren, Crepoljsko, Bukovik, Vlašić, Zelengora, Vranica with Lake Pokoško, Prenj, Velež, Čvrsnica, Skakavac Falls 98 m, Bijambare cave, Rakitnica passage they are offering different directions of development in the area of active leisure such as: alpine and rock climbing, trekking, hunting, fishing, golfing, tennis, snowboarding, cross country skiing, turbo skiing, mountain biking, paragliding and other opportunities.



*Rafting on Tara River*

From kayaking, rafting, alpinism, paragliding, sports climbing and other adventure tour operators seeking international partners, to ski resorts and natural parks looking to develop lodging and visitor facilities, investment opportunities are very diverse in nature and recreational attractions.

White water rafting, kayaking, canoeing, swimming, boat rides, water skiing, fishing and underwater activities on the Una, Tara, Neretva and Drina. The Canyon of Rakitnica with many rapids, cascades, waterfalls, cliffs and plenty of spring trout is a symbol of clear water and untouched nature. Log-floating rafting tours from 22 to 40 km of flow could be organized on Drina.

Rafting and village tourism, in combination with health food production represents one of tourist potentials in the regions of rivers Una, Tara, Neretva and Drina. The traditional Una Regatta was held for the first time in 1964, nowadays this even visit many lovers of water sports from France, Austria, Czech, Germany, Hungary and Serbia and Montenegro. It has since then continued to attract more participants and is currently a very attractive tourist event in BiH.

Parks and nature reserves also present investment opportunities. For example, Eco tourism opportunity in Hutovo Blato, a 7,432 ha nature reserve for birds, flora, and fauna is seeking appropriate investment for a number of projects. The reserve is located in the heart of Herzegovina and contains meadows, forests, crystal clear lakes, and wetlands that are home to 21 species of fish and more than 240 species of birds. Hutovo Blato management is seeking partners for many projects.

National parks Sutjeska with last primeval forest “Peručica” and Kozara with a very popular hunting spot with over 18.000 hectares of regulated hunting areas: deer, wild hare, boar, fox, martens, pheasants and wild duck. Possibilities for photo safari, walking, herb flower and wild fruit picking, biking are excellent.

Lakes during the summer period are very popular for swimming and water sports.

## **2.5 Spa and Resort Tourism**

BiH owns plenty of natural, thermal and thermal-mineral springs and peloids. Among them are very rare mineral springs that are famous among experts worldwide (Crni Guber, Srebrenica, Kulaši, Gračanica). Many of them were used even before Romans, particularly in the Roman Age, which is documented by written and other material evidence. Natural health resorts have scientifically proved curative properties. There are several institutions of that kind in our country, and their common characteristic is that they have been analysed, equipped and well staffed, but their main quality is medium thermalism and extremely good mineralisation, that varies a lot, dependant on geological composition of foundation. There is also a number of sulphurous waters, most famous of them the Ilidža thermal sulphurous waters.

The Fojnica thermal radioactive waters produce very good results in treatments and additional therapy in healing muscular diseases. This natural health resort has excellent medical facilities, furnished with necessary medical equipment and medical and other staff, being its most important asset.

Curative thermal waters of Banja Vrućica (spa) prove to be very efficient with cardiovascular, rheumatic and neurological diseases. Considerable accommodation capacities and ancillary services and programmes make it one of the leading centres of health tourism and a can serve as a basis for its future development in BiH. Abundant natural springs have been explored in geological, hydro-geological and physical-chemical aspects and medical-rehabilitation facilities have already been, or are being constructed in their surroundings (Kulaši, Dvorovi, Gata, Višegrad, Kladanj, Slana banja, Olovo and other spas).

In Ilidža, Sarajevo there is also a growing potential of medical and spa tourism, together with recreational opportunities hotel Stojčevac.

Prevention, healing and rehabilitation in BiH spas are performed through bathing, inhalation, rinsing, drinking and bandages. Other modern methods applied worldwide are also applied here, like hydrotherapy, massage, acupuncture, low and high frequency impulses, wave therapy and others. Therapies are adjusted to fit the profile of guests, mainly middle-aged and elderly people and businessmen, and provided by teams of experts and qualified specialists, physical therapists, psychiatrists, etc.

There are 15 spas in BiH registered as health institutions, with 3455 beds that can be drawing attractions for health and wellness travelers. Furthermore, there are 13 additional thermal/mineral springs with different levels of supporting infrastructure ranging from virtually none to

public pools and bottling facilities. Several are in pristine mountain locations presenting an ideal opportunity for setting up climatic spas. These facilities have the capability of providing world-class medical therapy and can easily be turned into ideal spots for congressional tourism. Some of these facilities were affected by a lack of investment or were damaged during the 1990s, but could be easily rebuilt.

Existing conference facilities allow BiH to compete at the regional and international meeting and conference market. Due to geographical position of BiH and easy access to Europe, Middle East and Asia promotion of the regional tour packages offers great potentials.

## 2.6 Mountain Tourism



*Ski slopes*

There is a long tradition of skiing, hiking and rock-climbing in this region, existing more than 100 years, which is proved by numerous documents. Rock-climbing started to expand after the 14th Winter Olympic Games – Sarajevo 1984. At that time, existing winter resorts were reconstructed and modernised and their number raised to 23 big and small winter resorts, aimed at future development of winter sports. During the war, majority of them were destroyed, but in the past few years efforts have been made to boost winter tourism that suddenly started to expand.

BiH has excellent winter tourism potential. Today, winter resorts in BiH have 50 km of ski runs, 8 ski cables and 20 ski lifts that can transport 20 000 skiers per hour. Mountains offer accommodation in hotels, apartments, pensions, climbers' lodgings and weekend houses, more than 6000 beds in total. There were 200 000 overnights in 2003. Towns located close to winter resorts have available 3000 additional beds and their occupancy rate is much higher in the wintertime.

Many of the ski areas lack supporting facilities and infrastructure. However, plans are underway to develop these facilities. The current government, backed by the international community has taken a special interest in the redevelopment of the skiing assets of BiH. The Bjelašnica Coordination Board was recently formed to assist in coordinating the different levels of government, other institutions, and interested parties to facilitate progress towards realizing the huge economic potential of Bjelašnica and Igman mountains while preserving the area's ecology. Jahorina Ski Centre with over 20 km of tracks and hotels with a long tradition is the place where Olympic events for ladies took place in 1984.



*Bjelasnica during the 1984 Olympics*

This year, when we mark the 20th anniversary of the 14th Winter Olympic Games, it is important to mention that Sarajevo with its mountains – Bjelašnica, Jahorina, Igman and Trebević, is a member of the family of 16 centres in the world that hosted the Winter Olympic Games. Current activities aimed at adoption of the Law on Concessions, along with already elaborated environmental plans and cur-

rent and future privatisation efforts, give realistic hope that winter tourism will take the lead in the development of tourism in BiH in the future period. This is supported by latest figures from the winter resorts, Jahorina, Vlačić and Kupres that recorded highest occupancy rates in this year, whereas Bjelašnica, Igman, Blidinje and Kozara became dominant centres for day-trip visitors. According to the information available, it is estimated that around half million tourists will visit these winter resorts.

Mountain centres are situated at 800 to 1800 metres above sea level, perfectly located for sports tourism to be developed in the future. In the summertime, there are a lot of sports teams that use existing sports facilities for their trainings (Jahorina, Igman, Kupres, Blidinje, Vlačić). There are also many sport events that take place on mountains (rallies Jahorina, Igman, Kozara, Sutjeska; town, state and FIS ski competitions and remarkable number of youth and workers' sports games), which ensures occupancy throughout the year. In addition to that, there are many hunting and fishing opportunities. What also needs to be said is that local population collects and processes wild fruits and produces healthy food (mushrooms, blueberries, tea, cheese, brandy, syrup, etc.).

Considering that 4/5 of the total surface of BiH is a highland and taking into account its climate and everything that has been said, than it can be expected that forecasts will come true that mountain tourism.

## **2.7 Sea Tourism**

BiH has a relatively small coastal area of approximately 25 km long. The coastal town Neum is favourably situated in the middle of the southern Adriatic Sea coast, the splendidly diversified coast. Neum is a new tourist town and with its moderate prices is having a significant increase of tourist's nights.

The municipality of Neum covers an area of 225 square km. Neum is situated 60 km south of Mostar town, capital of Herzegovina-Neretva Canton. Neum is 66 km far from Dubrovnik (Croatia), from Međugorje 60 km, from Ston 25 km and island Korčula (Croatia) 90 km. The coastal town is very well connected with major centres by the Adriatic Road, which passes through the city center.



*Neum on the Adriatic Sea*

In addition, this region is famous by the production of sea-shells (oyster and mussel) and cage fish raising (sea perch and gilthead) that is wide spread in the sea aqua terrain of Mali Ston and Neum Bay.



## ***Special thanks to Green Visions***

“Bosnia and Herzegovina’s only eco tourism/consultancy group dedicated to ecologically sustainable development of the pristine highlands and wilderness of BiH. We are dedicated to community development and environmental protection in finding viable solutions for alternative means of development.”

### **Green Visions**

Sarajevo, Bosnia and Herzegovina

Phone: +387 61 213 278

E-mail: [sarajevo@greenvisions.ba](mailto:sarajevo@greenvisions.ba)