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Economy Overview

The economy of Bosnia and Herzegovina was on the rise in the period before the global economic downturn hit the country in late 2008. In 2009 the country experienced the full effects of the crisis with GDP, exports and employment all showing declines. Domestic consumption stagnated under the influence of an increasing unemployment and slowing wage growth. Investments fell off considerably due to much lower capital inflows while Government expenditures continued to grow in order to cushion the considerable fiscal deficit. In the period after 2009 the country’s economy began its slow and unsteady recovery with more positive signs seen in 2013 and 2014.

Table 1. Main Economic Indicators of Bosnia and Herzegovina

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</tr>
</thead>
<tbody>
<tr>
<td>GDP Growth y/y (%)</td>
<td>2.7%*</td>
<td>2.10%</td>
<td>-1.20%</td>
<td>1.00%</td>
<td>0.80%</td>
<td>-2.70%</td>
</tr>
<tr>
<td>GDP per capita (EUR)</td>
<td>1,510</td>
<td>6,539</td>
<td>6,396</td>
<td>5,434</td>
<td>6,384</td>
<td>5,348</td>
</tr>
<tr>
<td>Inflation (CPI), y/y, average, (%)</td>
<td>-0.7</td>
<td>-0.1</td>
<td>2.0</td>
<td>3.7</td>
<td>2.1</td>
<td>-0.4</td>
</tr>
<tr>
<td>Industrial production (% y/y)</td>
<td>4.6</td>
<td>6.7</td>
<td>-5.2</td>
<td>5.6</td>
<td>1.6</td>
<td>-3.3</td>
</tr>
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</table>

Source: Agency for Statistics of Bosnia and Herzegovina

Editor’s note: *preliminary data

Industry Overview

Bosnia’s telecommunications market is dominated by three companies, state owned BH Telecom d.d. Based in Sarajevo and Hrvatske Telekomunikacije d.d. (HT d.d.) Mostar, both in Federation of Bosnia and Herzegovina, and Telekom Srpske a.d., headquarteried in Banja Luka, Bosnia’s Serb Republic.

The three companies are the only providers of mobile telephony in Bosnia and Herzegovina. They also operate on the fixed line telephony and on the Internet services markets along with another 14 alternative operators and 72 Internet Services Providers (ISPs).
Table 2. Revenue of telecommunications sector

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue of Telecommunications Industry (BAM)</th>
<th>Telecommunications Industry as % of GDP</th>
<th>GDP (BAM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>1,400,000,000</td>
<td>5.52</td>
<td>25,343,932,000</td>
</tr>
<tr>
<td>2012</td>
<td>1,400,000,000</td>
<td>5.64</td>
<td>24,813,305,000</td>
</tr>
<tr>
<td>2011</td>
<td>1,350,000,000</td>
<td>5.37</td>
<td>25,116,972,000</td>
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<td>2010</td>
<td>1,300,000,000</td>
<td>5.23</td>
<td>24,878,693,000</td>
</tr>
<tr>
<td>2009</td>
<td>1,400,000,000</td>
<td>5.67</td>
<td>24,670,958,000</td>
</tr>
</tbody>
</table>

Source: Communications Regulatory Agency of Bosnia and Herzegovina

History and Geography

Before the 1989 war, the Federal Republic of Yugoslavia's monopoly Post, Telegraph and Telephone (PTT) provided fixed-line telephony to 750,000 subscribers in Bosnia and Herzegovina. During the war more than 45% of the telephone lines were destroyed and only 15% of the population had access to telephony. After the end of the war in 1992 PTT split into three state-owned companies, engaged in telecommunications and postal services. Javno Preduzece PTT Saobracaja BiH (JP PTT BiH) was headquartered in Sarajevo, HPT d.o.o. in Mostar, both in the Federation of Bosnia and Herzegovina, and Javno Preduzece Posta, Telegraf i Telekomunikacije (JP PTT) was based in Banja Luka, Bosnia's Serb Republic. In the period 1996 – 2003 each of the three companies was reorganised into two entities:

- JP PTT, Banja Luka, split into fixed-line telephony provider Javno Opste Drzavno Preduzece (JODP) za Telekomunikacije (currently Telekom Srpske) and postal operator JODP za Postanski Saobracaj, both based in Banja Luka;

- JP PTT BiH split into postal operator JP BH Posta, Sarajevo and fixed-line telephony provider JP BH Telecom, Sarajevo;

- HPT d.o.o. split into Javno Poduzece Hrvatske Telekomunikacije d.o.o. (JP HT d.o.o.), in Mostar, engaged in fixed-line telecommunications services and postal operator Hrvatska Posta d.o.o., Mostar.

The newly-founded companies operate in different parts of Bosnia and Herzegovina. BH Telecom and HT Mostar are active mainly in the Federation of Bosnia and Herzegovina, while Telekom Srpske operates in Bosnia's Serb Republic. BH Telecom and Telekom Srpske operate in the self-governing Brcko district.