

## 12. 2 市場および経営面の問題

本調査は、SODASO社およびNATRON社の戦後復興再建をテーマとしているが、戦争による被害以前の問題として、他の東欧諸国に見られるのと同様の外部経済環境の変化と市場経済化への対応という大きな問題を抱えていることが、調査の結果明らかとなった。

「経済の現状」の節でもふれられたように、ボスニアの産業全般において、旧ユーゴ終焉期の設備投資活動は停滞し、戦争が始まる前の時点で設備の老朽化が進んでいた。今回、訪問調査をおこなった2社の設備についても同様であったことは、前節で述べられた通りである。また、旧ユーゴ崩壊の数年前から、国営企業の民営化が取り組まれてきており、調査対象の2社についても一部の所有権は従業員の持ち株と形式上はなっているものの、経営権は国が掌握していることが窺われた。経営状態を示す会計システムについても、旧ユーゴ時代の制度がとられており、民営化への準備が整っているとは言い難い。さらに、旧ユーゴの崩壊により、市場環境が大きく変わっていることも考慮に入れて再建を検討する必要がある。本節では、これらの点について調査対象となった2社について、現状を整理してみよう。

### 12. 2. 1 市場環境の変化

#### 1) SODASO塩製造部門

SODASOの塩製造部門は110年の歴史があり、現在も操業が続いているが、旧ユーゴの市場規模に合わせて設備を拡大し、1979年に年産30万トンの製塩設備容量を持つに至った。戦争前の1991年には20万トンの生産があったが、1996年にはわずか3万トン、今年（1997）は88,000トンの見通しであるが、SODASOの傘下企業の中では安定している部類に入る。課題は設備の更新と従業員（現在636名）の整理を含めた合理化と見られる。関係者の話によると、旧ユーゴ地域は10万トンの消費地でありハンガリーへの輸出も期待できることから、鉄道が再開すれば10万トンレベルの生産も可能と見ている。販売価格は国際市場価格に合わせており、現在50%を輸出しており、将来的には80%を輸出したいとしている。

#### 2) SODASO洗剤製造部門"DITA"

洗濯用洗剤のメーカーとして1977年にイタリアのMIRALENZA（18%）との合弁で設立したが1977年に外資分は買い取られ、現在は国、SODASO HOLDING、従業員の3者の所有になっている。生産能力は粉末洗剤55,000トン、液体洗剤12,000トンおよび工業用クリーナー4,000トンで、旧ユーゴ域内では2番目に大きい洗剤工場であった。1980年代、DITAはフル操業であったが、現在は輸送問題のため市場がボスニア国内とクロアチアの一部に限られているため20%の操業率に落ちている。

旧ユーゴの他の国へは、現在ユニレバー、P&G、ヘンケルなど西欧米資本の洗剤が輸入されており、かつての市場を奪われたかたちになっている。また、ボスニアの国内市場も国産品に保護されている訳ではないため、輸入品との競争状況にある。日本の無償援助で100万

マルク相当の洗剤原料の供与を受けており、これによって運転資金の不足が緩和され、生産の再開が可能になり、またバイヤーへの信用供与が可能になったことで末端市場での販売が可能になった点は、極めて効果的であったと言える。

今後の展開として、経営陣では新製品の開発を含めた積極的な再建構想をもっているが、ユニレバーなどの巨大資本との競争に耐えて行くための戦略が必要と考えられる。DITA社には相応の人材と設備、インフラも備わっていることから、旧ユーゴ市場を取り戻すというよりは、新しい市場環境の中で、ボスニア国内市場を中心に、輸入品との差別化と、外資との提携による新しい市場の開拓など戦略の検討を必要としている。

### 3) SODASO-TDI

TDIの再建はその前工程である電解プロセスを有するPolihemと切り離しては考えられないが、現状では別会社となっている。電解プロセスは水銀法の旧式のものであることから、この近代化が先決問題とみられているが、TDIとしての再建計画をもっており、投資を呼び込もうとしている。

TDIの再建計画によると、85%は輸出とあり、このうち45%が旧ユーゴ地域である。かつて旧ユーゴ域内で唯一のTDIプラントであったことにより、独占的に市場を持つことができたが、今後の再建では距離と輸送手段および製造コストとを十分に検討する必要がある。製品は工業原材料であることから、製品の市場における差別化の余地はないといえる。イタリア、ハンガリーなど西側隣接国における市場調査も必要と考えられる。

### 4) NATRON

1991年の時点でNATRON社は339百万マルクの売上があり、うち74%が旧ユーゴ諸国への輸出、19%がボスニア国内、7%が他の外国への輸出となっていた。1996年には、売上が859万マルクでうち7%が旧ユーゴ地域、93%はボスニア国内であった。同様の紙および紙製品を生産する企業が周辺国にあり、クロアチアにBELISCE、スロベニアにはVALKARTON、ハンガリーにはDUNAJVAROSなどとの競争を再建に当たっては視野に入れる必要がある。USAIDが作成したビジネスプランによると、将来的にはNATRONの製品の3分の1が輸出、3分の1がボスニア国内市場、3分の1は自社内の加工と想定している。

また、NATRON社の幹部の話では、ボスニアの国内市場は現在、1991年時点の操業容量の2%相当程度でしかないが、経済活動の回復とともに同25%にまで上昇すると見通されている。輸出先としてはセルビアが砂糖、小麦粉などの袋の需要があるが袋メーカーがないので有望であり、またイタリアへの輸出は戦前の実績もあり、輸送問題が解決されればすぐに再開できると見ている。

再建計画を策定するにあたり、想定される市場と競争力との関係からも生産規模を設定する必要がある。旧ユーゴ時代に国内市場であった地域が国外に転じてしまい、それらの国が貿易自由化政策をとっていることから、過度の輸出市場を見込んだ投資には不確定要素が多いと思われる。当面の再建が既存設備の活用と生産活動の継続・拡大にあるが、NATRON社において、仮に国内市場が91年生産レベルの25%に回復するとすれば、輸出余力を含めて40%程度の生産を当面の目標とし、将来の民営化に備えることが市場環境からは適切と考えられる。

## 12. 2. 2 所有権と民営化

SODASOの場合、10社の生産部門から成り立っており、各社は独立した経営体であり、国の出資比率もわずかではあるが異なっている。また、これら10社の生産部門をまとめる持ち株会社としてSODASO HOLDINGがあり、生産部門を持たない統括会社としてグループのとりまとめを行っている。SODASO関連企業の平均的な姿は74%の所有権が国にあり、20%は従業員の持ち株、6%がSODASO HOLDINGの所有による。なお、SODASO HOLDINGの役員会の会長はボスニア鉱工業大臣となっている。

NATRONの場合、国が44%、従業員が56%の所有権を保有しているというのが、91年時点の認識であったが、民営化の準備の中で見直しが行われ、国70%、従業員30%に修正されている。現在は50%/50%を目標にしている。

民営化と言っても、国内あるいは外国の資本による株式の保有ではないので、本当の民営化にはほど遠い。従業員の持ち株にしても、給与の代わりに供与されたものがほとんどと見られ、ボスニア政府関係者は従業員保有株を"Socially Owned"と表現している。経営陣についても旧ユーゴ時代と大きく交代したという印象は薄い。HOLDINGの機能についても、国によってSODASOグループ全体を統括し、支援するメカニズムのように見受けられる。

SODASO社、NATRON社はいずれも本格的な民営化を迎えるには、準備不足の状態にある。今後の対応としては、既存設備による最低限の投資による生産活動の再開、後述する西側の会計方式を含む市場経済対応の経営方式への転換などを通じて、民営化を迎える準備を進めることが課題と考えられる。

## 12. 2. 3 財務・経営状態

### a. SODASO

今回の調査対象であるSODASO-TDI社については、日本からTDIプラントを導入した際の負債が返済されないまま残っているという深刻な問題を抱えている。旧ユーゴ政府時代の負債は各国に引き継がれており、ボスニア政府が引き継いでいるものの、TDI社のバランス・シートに現れている。

1984年、TDIプラントの建設時、日本企業から総投資額1.28億ドルの55%に相当する4700万ドルを機械および運転資金の一部として借り入れている。45%相当額は国内の銀行、SODASO HOLDINGなどからまかなわれた。借入金の返済は滞っており、現在累積した利払いが3,156万マルクあり、元本との合計で1億マルク（70億円）以上の債務を抱えている。ロンドン・クラブにおいて、ボスニアへの民間債務の調整が行われているが、このように債務超過状態にある企業への新規投資および民営化は不可能であり、債務問題の整理が先決問題であろう。

### b. NATRON

NATRON社の場合、財務状況はまだ問題はSODASO-TDI程深刻ではない。バランス・シートによると、負債の85%は資本金であり、借入金は15%に相当する。資産の半分は建物であり、土地が15%、機械は11%に相当する。機械類は購入時の価格に対して平均で年率12.5%で償却されているが、西側の会計制度にあるように償却費を計上する方式をとっていないため、資産が年々減額して行く。新規の設備投資が行われていないため、機械設備の価値は94%が償却（Write-off）されている。

損益計算書によると、1996年の営業収入は95.4万マルクに対し同支出は99.6万マルクであり、営業収支は4.2万マルクの赤字であった。

しかし、営業外収支で補い結果として少額の黒字決算となっている。同社の会計方式では、売れた製品に係るコストだけが営業費用としてコスト計上されるため、在庫を抱えることの財務的負担が明確に現れない。NATRON社は戦争前に相当な量の在庫を抱えていたと考えられ、それが戦争中から現在に至るまでに在庫の切り売りによる収入をもたらしている。

NATRONの再建にあたっては、西側の会計方式の導入を進める必要がある。同時に既存設備の活用による生産の拡大と在庫品の処分により財務体質の改善を図りつつ、外資の導入などによる本格的な民営化の準備のための体質の強化が必要と考えられる。

SODASO-TDI収支 (1996)

(DM1,000)

収 入	296
支 出	12,389
収 支	-12,092

SODASO-TDIバランス・シート (1996)

(DM1,000)

資 産		
	固定資産	129,379
	運転資金	1,304
資産合計		131,043
負 債		
	資本金	24,043
	長期借入金	68,366
	短期借入金	37,989
	(うち利子)	(31,566)
負債合計		131,043

出典：SODASO

## 第2部 関連資料 (APPENDIX)



A1. NATRON社、SODASO社に対する  
事前質問票  
(JICA鉦調部作成)





To whom it may concern

Subject; Questionnaire for SODASO and NATRON

Dear Sir,

You may have been informed that JICA would dispatch the project identification mission to Bosnia and Herzegovina from June 24, 1997 to July 3, 1997 in order to identify and clarify matters related the projects requested for JICA's development study.

In this regard, the mission have prepared the attached questionnaire for smooth discussion and survey.

It would be highly appreciated if you would answer the questions upon our arrival.

Thank you very much for your kind understanding and cooperation.

With best regards,



Keiichi MURAOKA

Leader,

Planning Division,

Mining & Industry Dept.,

JAPAN INTERNATIONAL COOPERATION AGENCY

(JICA)

## QUESTIONNAIRES FOR GENERAL ECONOMY AND POLICY

### GENERAL

#### 1. The present level of GDP and GDP structure

2. Industry sector..
- \*Major products
  - \*The present production level
  - \*Location of major Industrial production
  - \*Major market...export and domestic market

3. Mining sector...
- \*Major domestic mines
  - \*The present production level
  - \*Location of major mines
  - \*Major market

4. Energy sector...
- \*Major source of electric power
  - \*Electric power supply capacity
  - \*Oil and gas supply source... Import origin

5. Import/Export...
- \*Major Import Item, volume and monetary value
  - \*Major export Item, volume and monetary value
  - \*The present Import (tariff level)

### ECONOMIC POLICY FOR INDUSTRY

#### 1. Industrial Sector Development Policy..

- \*General economic policy and Industrial development policy
- \*Target production level
- \*Sub-sectors with high potential
- \*Competitive Industrial products for export

#### 2. Privatization Policy

- \*Public-owned Industry
- \*Method and schedule of privatization
- \*Foreign Investment policy and regulations

## QUESTIONNAIRES FOR SODASO AND NATRON

### 1. Management Aspect

- \*Ownership... the present share holders
- \*Balance Sheet... Asset and Debt
- \*Revenue and expense balance
- \*Employment situation and regulations

### 2. Technical Aspect(to be elaborated by technical team member)

- \*The raw material supply and cost
- \*The energy supply condition and cost
- \*The present production flow
- \*The plant facility Installed and capacity
- \*The present level of capacity utilization
- \*Technical staff for operation and maintenance
- \*Environment protection measures being taken

### 3. Marketing Aspect

- \*The major market and buyers of the products
- \*Competition level and share in the market
- \*Export competitiveness
- \*Tariff protection and/or competition with Imported products
- \*Future market prospect

### 4. Re-construction Plan

- \*The targeted products and production level
- \*Raw material and energy supply alteration
- \*Process technology to be up-graded or renovated
- \*Marketing prospects
- \*Potential financial sources
- \*Potential Investors for privatization
- \*Time schedule for re-construction plan

## **Questionnaire regarding the paper mill**

1. The following information is valuable for further consideration. Would you please prepare them for the mission members.

- (A) Recorded data of past operations
- (B) Brief specification in each paper machines
- (C) Flow sheet in which all process in the paper mill can be identified

2. Regarding maintenance of facilities, would you provide the following information.

- (A) Is any measure made when the recovery boiler (Alkali boiler) was closed, such as filling with nitrogen.
- (B) Same as the recovery boiler, any precaution measure to keep good condition for the important facilities such as the continuous boiler (digester), paper dryers (paper machines) and coal boilers.
- (C) Regarding the condition of all pumps, those which are not operating, are they keeping with condition without any damages.
- (D) Are all facilities keeping perfect condition without sacking some parts from them?  
If some parts are missing, would you please to list up the parts for any facilities, machines, pumps and other instruments.

3. For general condition of management, the following information is required for further consideration.

(A) Production cost structure; would you please to list up items of cost for production divided by fixed cost and variable cost and expense.

(B) Present and pre-war organisation chart of the company with number of employees attached to each section.

(C) The up to date profit and loss statement and balance sheet of the company

4. Present condition of purchasing raw material with indication of distance of collecting material and average quantity (tonnage) of monthly supply.

- End -

26 June 1997

## **REQUEST FOR INFORMATION**

You are kindly requested to provide following information and data to JICA Mission by the time when they leave Tuzla on 1 July 1997.

- 1) Organization of SODASO.
- 2) List of factories under SODASO with names, locations and products.
- 3) List of plants concerned, with following details.
  - Names of Process owner
  - Process Descriptions
  - Process Flow Sheet
  - Production Capacities (Designed and Maximum Production Achieved)
  - Gross Material Balance
  - Unit Consumption of Raw Materials and Utility
  - Number of Operators
- 4) Conditions of licence contract of each process which may influence the execution of the feasibility study.
- 5) Equipment list of each plant with specification.
- 6) Unit prices of raw materials and utilities.
- 7) Sources of raw materials and utilities where you get them from and their transportation means.
- 8) Assumed market of products (Areas and/or Countries) and their transportation means.
- 9) Details of supports from other donor agencies.
- 10) Specific conditions to be taken into consideration when executing the feasibility study, if any.

## A 2. ボスニア経済関連資料





**Table 5.3<sup>a</sup>**  
**Selected Economic Indicators, 1991-2005**  
(millions of U.S. dollars)

	1991	1994	1995	1996	Ave. 1996-00	Ave. 2001-05
<b>I. Gross Domestic Product (GDP)</b>						
1. GDP (US\$ million)	8,199	na	2,200	3,100	4,840	8,900
2. Real GDP growth (%)	na	na	na	35	21	8.4
3. Per capita income (U.S. dollars)	1,872	na	524	728	1,150	2,123
<b>II. External Trade Account</b>						
1. Merchandise exports (US\$ million)	2,120	164	295	608	1,230	2,447
2. Real merchandise export growth (%)	na	na	77	100	43	6
3. Share of merchandise exports in GDP (%)	34	na	13	20	25	27
4. Merchandise imports (US\$ million)	1,673	889	759	1,722	2,384	2,779
a. Reconstruction related	0	0	0	612	780	0
b. Humanitarian and in-kind aid	0	498	203	297	89	0
c. Other	1,673	391	556	813	1,544	2,779
5. Real merchandise import growth (%)	na	na	na	120	29	7
6. Share of merchandise imports in GDP (%)	33	na	35	56	51	31
(Reconstruction related and other imports-excluding humanitarian imports)	na	na	25	46	48	31
7. Trade balance (in % of GDP)	5	na	-21	-36	-25	-4
<b>III. External Current Account</b>						
1. Current account balance (in % of GDP)	na	na	na	-32	-30	-4
(Excluding official transfers)	na	na	na	-45	-35	-5
<b>IV. International Reserves</b>						
1. Total reserves (in months of imports)	na	na	0.4	1.2	1.9	3.0
(in months of reconstruction related and other imports-excluding humanitarian)	na	na	0.5	1.5	1.9	3.0

a. 1991-95 are estimated; 1996-2005 are projected.

na: not available

Note: The Bank scenario is illustrative, and it in no way is intended to prejudice the outcome of future negotiations with Bosnia's external creditors in the Paris and London Clubs. It shows that a comprehensive debt workout including a substantial net present value reduction on consolidated debt service with Paris Club creditors and a substantial debt stock reduction with London Club creditors goes a long way to create the conditions necessary for renewal of IBRD lending starting in 1998 and private capital inflows after 2000, and for achievement of a sustainable growth.

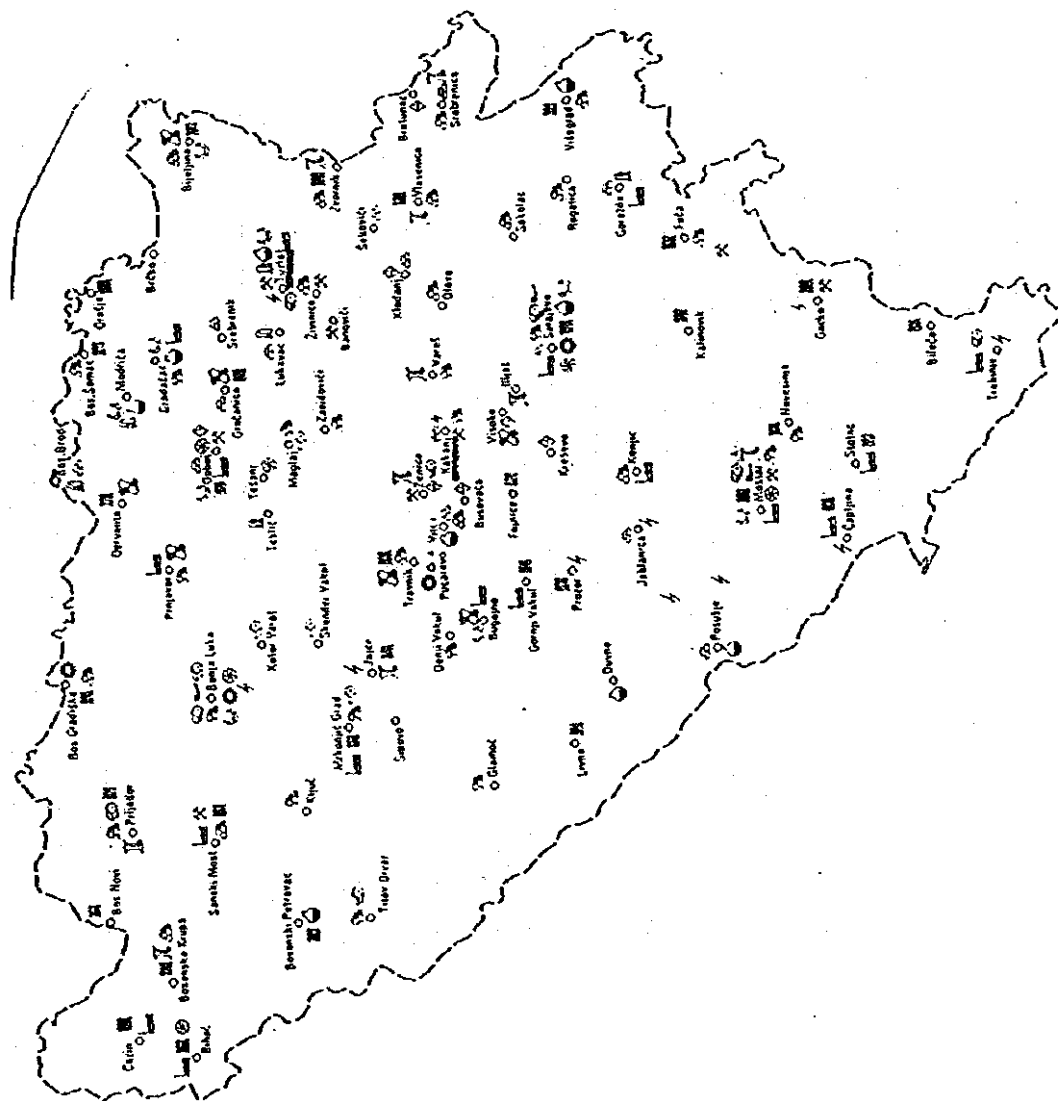
Source: Data provided by Bosnia and Herzegovina authorities, the IMF, and World Bank estimates.

# **BOSNIA AND HERZEGOVINA** **Map of Mining and Industry**

## **APPENDIX I**

Legend:

- STEAM POWER PLANT
- HYDROELECTRIC POWER STATION
- COAL MINES
- REFINERY
- FERROUS METALLURGY
- NONFERROUS METALLURGY
- NONMETALS
- METALWORKING ACTIVITY
- PRODUCTION OF MACHINERY
- PRODUCTION OF MEANS OF TRANSPORTATION
- PRODUCTION OF ELECTRICAL APPARATUS AND MACHINES
- PRODUCTION OF BASE CHEMICAL PRODUCTS
- PROCESSING OF CHEMICAL PRODUCTS
- PRODUCTION OF BUILDING MATERIALS
- LUMBER INDUSTRY
- CELLULOSE AND PAPER INDUSTRY
- TEXTILE INDUSTRY
- LEATHER AND FOOTWEAR INDUSTRY
- FOOD INDUSTRY
- TOBACCO INDUSTRY
- PRINTING INDUSTRY



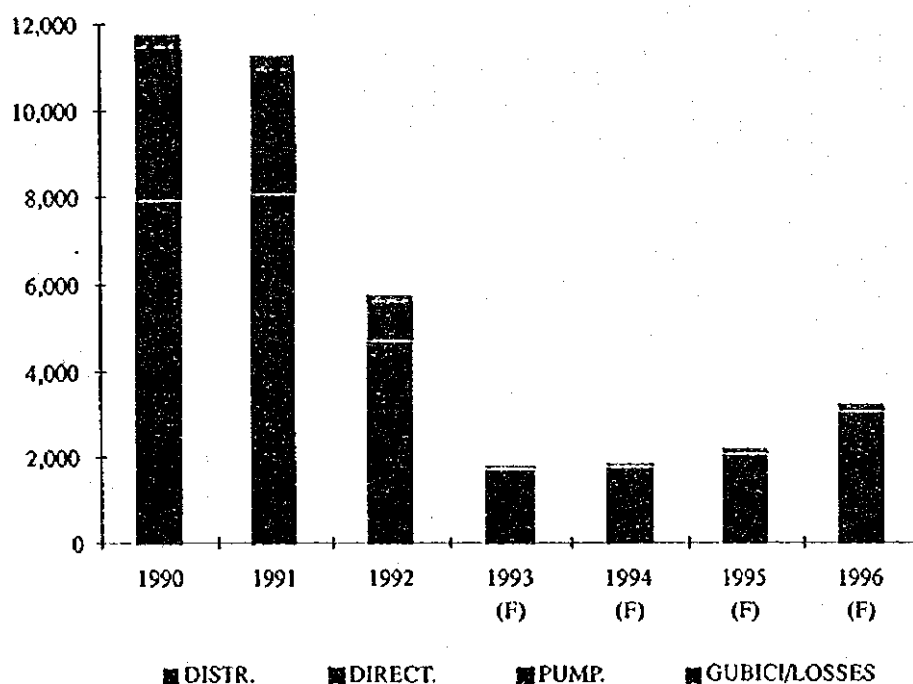
ELEKTROENERGETSKI BILANS BOSNE I HERCEGOVINE  
ELECTRIC ENERGY BALANCE IN BOSNIA AND HERZEGOVINA

GWh

	1990	1991	1992	1993 (F)	1994 (F)	1995 (F)	1996 (F)
Proizvodnja HE HPP production	3,336	5,138	3,442	1,046	1,194	1,354	2,586
Proizvodnja malih HE Mini HPP production	76	110	80	36	37	45	47
Proizvodnja TE TPP production	9,678	8,537	2,969	650	550	649	1,126
Ukupna proizvodnja Total production	13,090	13,785	6,491	1,732	1,781	2,048	3,759
Ukupne nabavke Total import	2,096	682	234	209	572	387	463
Raspoloživa energija Available energy	15,186	14,467	6,725	1,941	2,353	2,435	4,222
Distributivna potrošnja Distribution consumption	7,989	8,124	4,738	1,750	1,828	2,107	3,099
Direktni potrošači Direct consumers	3,192	2,669	869	47	43	60	75
Potrošnja za pumpanje Pumping consumption	287	141	0	0	0	0	0
Gubici prijenosa Transmission losses	354	381	178	56	70	85	134
Ukupna potrošnja Total consumption	11,822	11,315	5,785	1,853	1,941	2,252	3,308
Ukupan izvoz Total export	3,364	3,152	940	88	412	183	914

GWh

## POTROŠNJA / CONSUMPTION

















## Privatisation

*Privatization in the Federation.* In the Federation, preparations for privatization have been moving ahead under the guidance of the Government-appointed privatization Expert Team. In most respects, the basic concepts have been agreed upon and embodied in six laws: (a) the Privatization Agency Law; (b) the Law on the Privatization of Enterprises; (c) the Law on Restitution; (d) the Law on the Sale of Apartments with Tenant's Right of Tenure; (e) the Law on Realization of Citizens Claims versus Federation; and (f) the Banking Privatization Law. This legislation sets the basic framework for most privatization transactions envisaged for the Federation. The Privatization Agency Law was passed in August 1996. The other laws, except the last one, had first and second readings in Parliament prior to the September elections and is at the top of the agenda of the new Federation Parliament.

*Privatization Process in the Federation.* The procedures by which privatization will be effected in the Federation have been generally agreed upon and are as follows:

- A Federal Privatization Agency will first be created. Cantonal Privatization Agencies will be established to handle privatization transactions within their respective cantons, with oversight of, and under guidelines established by the Federal Agency. The Federal Agency will have additional implementation responsibility for privatization transactions that involve more than one canton.
- Citizens will be given compensatory certificates related to four kinds of claims on the State: (a) claims related to frozen foreign exchange deposits; (b) validated restitution claims, where these cannot be settled by restitution of the actual property involved; (c) claims related to unpaid salaries and (possibly) other payments during the recent conflict; and (d) a general claim, which may be allowed to all citizens, similar to the universal "vouchers" utilized in other transition economies. The actual amounts of some of these claims will not be finalized until the legislation is passed. The certificates issued in compensation for these claims can be used, together with cash, in bids for assets being privatized. The legislation proposes some differentiation among the various certificates for certain transactions (particularly housing). And for some transactions, a cash component may be required or given preference.
- Housing will be preferentially privatized to tenants as in most other transition economies. This is somewhat more complicated in B&H, however, as tenancy for privatiseable dwellings may have changed a number of times during the recent conflict.
- Enterprises are responsible for preparing their "initial balance sheets" on which privatization transaction will be based. This process includes such actions as: (a) confirming the extent of privatization that took place under the Markovic laws in former Yugoslav times; (b) removing some of the social assets from the enterprises' books to be disposed of by the municipal authorities; and (c) assessing remaining bank indebtedness, both in local and foreign currencies, so as to determine how much of this still needs to be dealt with and thus left on the books of the enterprise. Enterprise privatization will generally be through open auction or sealed tender, depending on the size of the enterprise. For "strategic enterprises" (as determined by the Federation Parliament), special procedures may be adopted.

THE WORLD BANK GROUP  
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FACSIMILE COVER SHEET AND MESSAGE

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(including cover sheet)

TO: The General Manager FAX NO.: 011-387-75-212 172 *047*  
Title:  
Organization: SODASO  
City/Country: TUZLA, BOSNIA & HERZEGOVINA

FROM: *je* Peter Glenshaw *MS* FAX NO.: (202) 477-6619  
Title: Senior Industrial Specialist Telephone: (202) 473-2426  
Dept/Div: Industry & Mining Division Dept./Div. No.: 613/10  
Room No.: G2-024

SUBJECT: BOSNIA-HERZEGOVINA - A Note on Heavy Industry

MESSAGE:

Copy of our November '95 Report as requested.

If you experience any problem in receiving this transmission, inform the sender at the telephone or fax no. listed above.

## BOSNIA-HERZEGOVINA

### A NOTE ON HEAVY INDUSTRY

This note covers a portion of the heavy industry sector in Bosnia-Herzegovina, with some details on the steel, aluminum and chemical industries. It was prepared following a preliminary, on-site examination of these industries in November/December 1995 by a team of World Bank specialists<sup>1</sup>. The team's findings were discussed with the Minister of Energetics and Industry. The World Bank team greatly appreciates the cordial and open cooperation received from all parties dealt with in Bosnia-Herzegovina, and in particular the logistical and other support provided by IMG.

Members of the World Bank team visited:

- the integrated iron and steel works at Zenica;
- the bauxite-alumina-aluminum operations of Aluminij in the Mostar region;
- the chemical plants of the Tuzla region;
- selected major conglomerates (UNIS, Energoinvest, Sipad) in Sarajevo; and,
- a number of downstream units that use steel aluminum and chemical products.

In the time available, the team sought to determine the ability of the three core industries to compete in a global context, and hence their future viability. The key factors evaluated were: (i) availability of markets, local and export, for the plants' products; (ii) technical and operational condition of the facilities; (iii) assessments of production costs and working capital and investment needs; (iv) economic assessment of the enterprises; and (v) other issues such as human resources, environmental situation and policy issues. The note presents a number of observations that are applicable to most industries and includes some detail on the three sub-sectors, including recommendations for immediate action.

### GENERAL OBSERVATIONS

Overall, the team found that heavy industry in BH has potential to restart operations in a properly phased manner quite soon following the four year gap in operations caused by the war. Management of most of the firms were found to be entrepreneurial and creative, especially in dealing with labor and maintaining facilities during the war. The main problems that now have to be faced in a rapid restart, in rough order of importance, are :

1. Lack of working capital, which managers tend to understate is a major constraint on getting production underway. There is little cash in hand for raw materials and supplies to

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<sup>1</sup> The team consisted of Peter van der Veen (Leader and aluminum), Edmund Mangan (steel), Peter Glenshaw (chemicals) and Hans Fuchs, consultant (aluminum and steel).

restart production, as the enterprises funded their expenses through the war years, out of sales of these inventories along with any semifinished or finished products available.

2. Lack of market and likelihood of extended payment time for goods and services. All of industry is faced with similar cash flow problems and enterprises may not all be able to restart at the same pace. Therefore, some will not be able to pay for materials and cover operating costs for the extended time it will take to collect receivables on sales made. Some financial priming action is needed to get industry started.
3. Capital investment decisions are still largely based on technical considerations without due regard to financial, economic and market aspects. Business plans need to be developed along with start up and operating proposals based on reasonable operating levels rather than full capacity utilization. As part of the investment analysis, risks and benefits need to be developed along with sensitivity to possibly changing conditions.
4. There is concern that enterprises may be extending themselves by diversifying too broadly. For example, Energoinvest's entry into the business of collecting and recycling scrap, and the Tuzla salt company's move into general pharmaceuticals following its entry in the emergency production of saline drips.
5. The obligations of enterprises arising from pre-war debt need to be sorted out as soon as possible, both to enable enterprise managers to properly plan their financial future including the new debt that they might have to take on to restart operations, and to prepare for eventual privatization.

Both the government and the management of the enterprises appear to be committed to privatization, but it will be difficult. There is little money in the economy for local investors to pay for shares in the larger enterprises. An ownership change that does not bring in new funds or know-how does not address the need for capital. Outside risk capital will most likely be limited for a number of years, even if all goes well. Former partnerships with foreign firms such as Volkswagen (vehicles); SKF (bearings); St. Gobain (glass); and Pechiney (aluminum) could be re-established and could be a means of obtaining funds for re-starting some existing facilities and for exporting their products.

## STEEL

The Zenica Iron & Steel Works is an integrated steel producer which started operations in the 1930s. Before 1991 it was running near its rated capacity of 2 million tons per year (tpy) of non flat products such as heavy, medium and light sections, bar and wire. Employment was about 15,000 people. In the fall of 1992, the plant was bombed and had to cease operations. The plant has since been repaired using the firm's own ingenuity and resources and management is well advanced in preparing to resume operations. This reflects the capability of the General Manager, who has been able to keep a competent management

Most of the metal production was exported before the war as well as the surplus of alumina (approximately 125,000 tons a year). Both products were well accepted in the international markets and marketing of the plant's output after a restart should pose no problem. The supply/demand balance for these materials looks tight during the next two years with the balance for alumina even tighter than for primary aluminum.

Whereas "Aluminij" was a relatively high cost producer before the war due to the cost of its domestic bauxite and the cost of power the operations generated a positive cashflow and profits before the war. In view of this it appears justified to resume operations in a phased way. The question is how to resume production. One alternative is to start partial production of the smelter in combination with the anode operations at a rate of some 23-24,000 TPY of aluminum i.e. equivalent to about 25 percent of smelter capacity. This would require the availability and contracting of a power-block of 50 MW. In addition the plant will have to import alumina.

Another alternative would be to start the alumina plant based on imported bauxite. This alternative has the following advantages:

- (a) resumption of alumina production and its export will require about 12 MW of power, of which about one-third would be generated internally. Therefore, only 8 MW has to be purchased from outside, compared to 50 MW for the restart of metal production.
- (b) an early and fully capacity start makes it possible to take advantage of the projected attractive international alumina prices to build up cash flow;
- (c) funding requirements for working capital and cost of repairs to restart the alumina plant are estimated at between US\$6-US\$8 million compared to US\$12.5-US\$15 million to resume partial smelter operations.

Therefore, it is recommended to restart the alumina plant first, use the cash flow generated to either resume the lower cost bauxite operations to replace import tonnage or to resume smelter operations pending availability of power. This alternative allows for maximum flexibility and its timing will be determined by the completion of the repair work on the Ploce-Mostar rail line which is expected to be ready by February/March 1996 instead of the availability of power which may take longer.

However, whereas a start-up in the short- to medium-term is justified it will be the availability and pricing of power which will determine the long-term viability and competitiveness of the smelter.

## CHEMICALS

The multi-plant, multi-company chemical industry in the Tuzla region which operated successfully before the war, not only supplying the domestic market, but also exporting a large

proportion of its output to other parts of the former Yugoslavia and Western Europe, has barely operated in the past four years because the plants were exposed to sporadic shell fire and because access to markets and raw materials was blocked. Being chemical plants corrosion is taking its toll. Former markets have been taken over by others. Qualified staff have left the enterprises. Importantly, the industry has lost contact with the outside world and thus lacks an independent review of its ideas. And finally, there are no funds to begin operations again.

Despite these and other current problems, most of the six major units in Tuzla and near-by Lukavac<sup>2</sup> which make up the basic structure of the industry are likely to be able to be put back into operation soon. The majority of the industry has the advantage of being based on low cost, locally available salt from the extensive salt deposits in the area. Management is determined, experienced and capable technically, and an adequate core of the highly skilled and experienced work force still remains. The technology in use, while somewhat outdated, is sound.

The Salt Mine has two operating locations, both of which present problems for an immediate startup. The original mine is underneath the city of Tuzla and the mining operations have caused parts of the city to subside. In essence, it cannot be operated anymore. A new mine was therefore developed at a site 11km from the city and is all but ready for operation. Some \$9m is said to be required to complete the development, but operations could probably commence with a much lower expenditure. The main problem though is political - the mine straddles the cease-fire line, and the Serbs so far will not permit any operations there.

The Salt Plant, the sole source of supply for the whole of former Yugoslavia in the past, is in good condition, has continued operations at a low level throughout the war, and even developed new products such as saline drips. Access to a supply of raw material, will enable it to get back into operation quite soon. Working capital requirements are estimated to amount to about \$2m.

The complicated process scheme of Polihem needs a thorough, independent assessment before any thought is given to restarting the operation. For one thing, the heart of the operation, the salt electrolysis plant, uses mercury cells which are becoming unacceptable to importers of the polyurethane systems which are Polihem's main products. A new, non-mercury electrolysis plant is probably required at a cost of \$30 - 50m. For another, Polihem needs many difficult-to-handle and costly imported raw materials to operate fully. It seems unlikely that the full operation can be justified in the near term. What might prove feasible is the restart of one or two downstream units possibly on a toll processing basis. At present, scarce rehabilitation funds should not be spent on this unit. Outside, independent experts need

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1. The Salt Mine - operating with underground and solution mining techniques
2. The Salt Plant - which produces salt products for human, animal and industrial use.
3. Polihem - which produces polyurethane systems and salt electrolysis products
4. The Soda Ash Plant at Lukava - which produces soda ash and caustic soda
5. The Coke-Chemical Combinat - which produces coke and coke by-products
6. DITA Industry for Detergents - which produces household and industrial detergents



to study the plant to determine what, if any, parts of the operation can be considered for startup.

The Soda Ash Plant at Lukavac is fed by pipeline with brine from the Tuzla salt mine and with limestone from its own quarry 12km away. It was a successful operation before the war and exported nearly all of its output to the former Yugoslavia and Western Europe. There is every reason to expect that operations can be resumed, provided that its limestone operation is restored (its equipment was confiscated or destroyed during the war, and will cost \$3 - 4m to replace), and that a thorough engineering review of the equipment proves positive. There is concern about the physical state of the thousands of heat exchanger, boiler and evaporator tubes. The management estimates that repairs to the soda ash plant would require \$7 - 8m.

Parts of the Coke-Chemical Combinat at Lukavac could be restarted quite soon if current discussions with outside partners prove successful. The management is dealing with a Swiss-German firm that wants to use the Maleic Anhydride Unit to toll process benzene to produce maleic anhydride for export. Another possibility is to toll process Australian coal to coke for sale in Europe. Imported ammonia could be processed in the fertilizer plant to produce calcium ammonium nitrate which is needed by Bosnian agriculture. These deals are all of a private sector nature, and probably do not need public financing.

The DITA Detergent Plant is in excellent condition and is technically able to restart quite soon. Its main problems will be to re-establish markets (mostly in Bosnia) and to get access to raw materials, all of which have to be imported. Working capital needs are estimated at \$2m.

All of the above plants, except the Coke-Chemical Combinat operate as subsidiaries of the SODASO holding company. SODASO also owns a small paper packaging plant and a plant that produces thermo-plastic sheets for footwear, both located away from Tuzla. Their management claims to be ready to restart operations as soon as required. Another entity of SODASO is the Institute of Chemical Engineering which basically operates as a design and engineering department of the conglomerate.

The question arises of whether Sodaso should remain a holding company or should be split up into independent smaller enterprises. In any case, the government believes that new management is needed for the tasks ahead, including getting the holding and subsidiaries ready for privatization.

A basic transportation problem for the chemical industry in the Tuzla area which is beyond the control of the enterprise managers is its dependence on the so-called 'Northern Corridor'. Pre-war the corridor provided low cost access to markets and raw materials in the former Yugoslavia and Western Europe. The corridor is now blocked by the Serbian forces in the Brcko passage that connects the two parts of Serb-held Bosnia. Some arrangement will have to be made, if the industry is to get into business again.

The next step would be for an independent consulting firm of high international repute to undertake a thorough review of the Tuzla chemical sector's present situation and future prospects. Strategies and business plans should be developed, the environmental impact reviewed to avoid repetition of past problems and investment and working capital requirements determined. Polihem should receive particular attention. Management, federal, cantonal and municipal governments all agree that this would be a sound approach to get the industry into operation.

#### REMARKS

Access to working capital will be the single most important factor in achieving a meaningful reactivation of industry and ensuring its contribution to the overall economy.

There is a need for technical assistance in order to; (i) prepare business plans for key enterprises in the sector; and (ii) review the proposed start up programs and provide technical guidance and expertise in planning the startup of facilities including the determination of the lowest cost investment scenarios for both equipment and working capital. This should be provided where possible through the use of grant funds.

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December 14, 1995 6:00 PM

### A 3. NATRON社関連資料



**LOAN APPLICATION PACKAGE**

**Company Name:** NATRON D.D.

**Location:** Maglaj

**Business Sector:**

**Product/Service:** Paper and paper products

**Loan Amount:** DM 1,000,000

**Expected Jobs Created:** 254

**DM/Job:** 3,937

**Applicant's Bank:** Privredna banka Sarajevo

**Bank Contact:** Camil Klepo

**BBAC Contact:** Louis Posillico

Phone 075-251-031 FAX 075-251-034

**ID#:** 1077

**Date:** 15 January, 1997

## Loan Application Package

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5	Company Financial Statements	Company
6	Other Supporting Detail	BBAC

## Company Analysis Package EXECUTIVE SUMMARY



### Company Description & Project Summary:

NATRON was established in 1951 as the largest paper and cardboard manufacturer within Balkan Peninsula and the former Yugoslavia. The facility is located in the town of Maglaj, about 100 km north of Sarajevo on the main road connecting Sarajevo-Zenica-Doboj-Zagreb.

Before the war (1991), the company had annual sales volume of DM 340.0 million and was the leading supplier of paper products in the region. While improving paper production the firm also developed other facilities for paper and cardboard processing: paper formatting, cutting, printing and paper-bags manufacturing. NATRON's production capacities were utilized primarily for the former Yugoslavian market which in 1991 consumed over ninety percent of total sales. The firm's name became a Trade-Mark as paper for bags was named "Natron Paper".

During the war, the company continued production at minimal levels. In 1995 total sales volume was DM 3.8 million or approximately 1.0% of pre-war capacity. In 1996 the firm restarted production of paper, corrugated cardboard, and paper bags bringing annual sales at DM 8.9 million, less than 3% of pre-war sales. The company's Business Plan for 1997 estimates sales volume to reach DM 37.3 million or 10% of pre-war sales, assuming the company is able to obtain financing for their working capital requirements.

With this project, the company is seeking DM 1.0 million for working capital/raw-material/pulp and salaries, in order to restart a part of the production. The company does not intend to restart production of pulp at this time, although it has capacities for it. Restarting with the production of pulp, will require to raising approximately DM 15.0 million. The company would seek joint venture or equity financing for these funds.

Since the required financing is only for Working Capital, the implementation of this project will be very rapid. The company will restart operations 30 days after loan is funded. Employment will start immediately after the loan is approved.

ECONOMIC PROFILE				
	1991	1996 estimate	1997 projection	1998 projection
Revenues (DM 000)	339,974	8,896	37,280	39,551
Net Profit / (Loss) (after tax) (DM 000)	Approximately 10%	(6,950)	(3,302)	(3,070)
Employees	4,605	661	915	915
Sales: BiH (%)	19%	93%	66%	66%
Sales: Ex-Yugo (%)	74%	7%	16%	15%
Sales: Exports (%)	7%	N/A	17%	19%

Employment and Economic Effect;

NATRON is the largest employer in Maglaj municipality. Over the past 45 years of operations the firm has been able to attract high caliber engineers and skilled technological workers.

Currently the company has 2,080 employees on the books, however, of the total, 661 employees are currently considered full time workers. These workers have a average net salary of DM 211 per month. In 1995 only 358 employees were at work with a average net salary of DM 15 per month.

With this project the firm will bring back 254 full time employees currently on a leave status, at net salary of DM 211 per month. Therefore, employment level will reach a total of 915 employees, sufficient for the company's operations planed by this program

*Estimated breakdown of new employees:*

Total	254
Demobilized (male) soldiers	170
Women	84
Refugees	
Former employees not included above	
Others	

Market and Marketing:

NATRON was sized to cover the entire former Yugoslavian market needs in paper and paper products. The company's market is focused in the following areas:

- Producers of consumer products such as: sugar, detergents, cement, wheat, using the company's bags for packaging their products.
- Manufacturers of different bulky commodities such as furniture, kitchen appliances and others using the company's cardboard products to package and ship their products.
- Valued Added Resellers (VAR) such as printing companies, producers paper-packages and others.

The company is the only producer of paper, cardboard and paper products in the Federation of BiH and the only producer of cardboard in former Yugoslavia. Therefore, the company has approximately 90% of the domestic market. The remaining 10% of the market is supplied by imported products for specialty products ( i.e. shoe boxes ). The company will be highly dependent on the domestic market for the next three years.

Before the war, the company enjoyed a significant market share from the other former Yugoslavian countries representing DM 251.0 million in sales or 74% of total sales. Due to the political and economic conditions of the region, calendar 1996 sales in the region has been reduced to DM 600,000 or 7% of total sales. Export sales, outside former Yugoslavia, dropped from DM 24.0 million in 1991 to zero in 1996.

The company maintains a Commercial and Marketing department with 49 employees. This group is responsible for managing the marketing activities of the company, managing direct sales representatives, sales agents and foreign distributors.



NATRON has a strong marketing position in the domestic market, as the only paper and cardboard producer in F/BiH and the only producer of cardboard in the former Yugoslavia. The company is trying to regain its position in the export market which was lost during the war. Marketing programs have been initiated to regain market share in the former Yugoslavian republics. In addition, the company is actively exploring Western European markets in order to regain their former traditional buyers.

The firm has long-term related customers from pre-war time throughout F/BiH and former Yugoslavia. They expect with continued political and economic development in the region, the company will be in a good position to regain the market share it lost during the war.

Key Customers and Sales Channels:

Key Customer or Channel	Product	
Krivaja Zavidovici	Furniture	
FDS Sarajevo	Cigarettes	
SIP Konjuh Zivinice	Furniture	
Klas Sarajevo	Consumer goods	
Unico filteri Tesanj	Car-spare parts	
Agrokomerc Velika Kladusa	Consumer goods	
Corn-Flips Srebrenik	Consumer goods	
ASTRO Sarajevo	Soaps and detergents	
Sarajevska pivara	Bear	
Višpak Visoko	Consumer goods	
Peradarstvo Orasje	Eggs	
Vitezit Vitez	Special purpose products	
Helios Banovici	Stoves	
FD Mostar	Cigarettes	

There is no other local producer of paper and paper products in F/BiH, therefore competition in the domestic market is from imported goods carry high costs due to import duties and transportation. The company enjoys a price advantage when compared to imported products. In the foreign market, the situation is quite different as most of these countries have paper production of their own. In Croatia it is "BELISCE", in Slovenia "VALKARTON", and "DUNAJVAROS" in Hungary. The company must adapt to some of the business strategies currently in use by its competitors (pricing, quality, delivery, etc.) in order to improve its market position and market share. The 'Natron-paper' trademark has significant value in the export market. It carries with it a reputation of quality and timely delivery. The company intends to leverage on its name in order to regain market share.

Management:

The company's management team has many years of accumulated experience in this industry and most have worked with the company through the war years.

MANAGEMENT PROFILE			
Name	Address (City)	Company Position	Years in Industry
Salim Ibrahimfendic	Maglaj	General Manager	33
Sefkija Botonjic	Maglaj	Deputy General Manager	20
Mersija Kuzic	Maglaj	Commercial Director	21
Edhem Salaka	Maglaj	Financial Director	32
Ibrahim Sehic	Maglaj	Assistant of General Manager for development	28

### Operations:

Facilities, machinery and equipment, and utilities (power station and water providing station) are within the same complex. The majority of the equipment is old (1950, 1963, 1970), but in fair condition. The company performed two major overhauls of the equipment: in 1980 and 1990. In 1990 all environmental protection equipment was installed.

The primary machines used in the manufacturing process are as follows:

1. Waste-paper line, purchased from "Beloit" in 1971, has a capacity of 150 tons/day.
2. Paper machine/PM-3, manufactured by "ER-WE-PA", purchased in 1962 and reconstructed in 1984, has a capacity of 25 tons/day. The machine is used to produce the following kinds of paper: "Fluting" 112 gr/m<sup>2</sup>, "Srenc" 120gr/m<sup>2</sup>, and "JSG-OPN" 100-120 gr/m<sup>2</sup>.
3. Paper machine/PM-5, manufactured by "Karlstad", and purchased in 1985, has a capacity of 25 to 30 tons/day. This machine is used for producing the following kinds of: "JSG" 40 gr, 60 gr, 80 gr, 100 gr, 120 gr/m<sup>2</sup>, "JSG-OFN" 50 gr, 70 gr, 90 gr/m<sup>2</sup>, "NKL" 120 gr, 150 gr/m<sup>2</sup>, Crape-paper 70 gr, 100 gr, 120 gr/m<sup>2</sup>.
4. Machine for producing corrugated cardboard, manufactured by "Konrad-Strobl" and purchased in 1965 and reconstructed in 1980, has a capacity of 24 tons/day.

All infrastructure, energy and production facilities are within one area. The firm does not intend any extension of the facilities in near future.

The company has reported inventory in amount of DM 13,799,857 as of 30 June 1996. Due to war damage and the company's inability to properly provide storage for the raw materials, most of the raw material inventory is unusable. Out of the total inventory only DM 800,000 of raw materials and DM 103,597 of finished goods is usable for current production and sales.

The primary raw materials in the production of paper and cardboard is cellulose and waste paper. The company will purchase waste paper from the local market, and cellulose from foreign suppliers, (i.e. Slovakia). The secondary raw material/ coal, fuel, and the consumable repairing parts of equipment the firm will purchase from the local market.

Due to the economic problems of the region particularly the lack of an adequate railroad, transportation of goods becomes a limiting factor in factories activities. The company has been dependent on the railroad for the delivery of raw material and the shipment of product to their customers. The alternative transportation method of trucks has proved to be costly to the company and has required an increase in prices. The company has tried to minimize the effect of the added cost by organizing double-tour transports. This practice requires that trucks delivering products to end users will be required to return with a full load of raw materials.

The company's paper production is allocated as follows:

- One third of paper production is used in the production of paper bags and corrugated cardboard.
- One third of paper production is sold in the F/BiH market.
- One third of paper production is exported.

**Production Schedule and Unit Cost by year:**

Product:	1995	1996	1997
	Units/Unit cost	Units/Unit Cost	Units/Unit Cost
Paper			14,784,000 Klg. / DM 1.26 / Klg.
Cardboard Packaging			8,040,000 Klg. / DM 1.79 / Klg.
Bags			5,376,000 Bags / DM 1.78 / Bags

**Discussion of Financial Projections:****Key Cash Flow items:**

- **Sales:** It is estimated that the company will record sales in 1996 of DM 8.9 million. The projection for 1997 is for sales to increase to DM 37.3 million or an increase of 319.9%. This increase is contingent on the company obtaining financing for the purchase of raw material. With the economic recovery of the region, the demand for the companies products continues to grow rapidly. Sales in 1998 and 1999 are projected to be DM 39.6 million and DM 42.3 million respectively.
- **Net income:** The company's gross profit drops from 62% in 1996 to 30% in 1997 and continues at 30% through 1999. The lower gross profit margin is more representative of normal operations. The higher gross profit in 1995 and 1996 is the result of barter trading and various other means to keep the production going during a period with no access to Working Capital.

Operating expenses is expected to drop from 11.4% of sales in 1996 to 7.0% of sales in 1997 and subsequent years as a result of higher sales volume.

It is estimated that the company will record a net loss of DM 5.5 million in 1996. The net loss is projected to be DM 3.3 million, DM 3.1 million and DM 2.7 million in 1997, 1998 and 1999 respectively. The loss is due to excessive depreciation /amortization expense. Depreciation/amortization expense is being taken on neutral and passive assets which are not currently used in the production process ( pulp production, municipal projects, etc. ). Depreciation on these non-participating assets totals DM 5.2 million per year. If depreciation/amortization was reduced for these non-participating assets, the company would turn profitable by mid 1997

- Working Capital: The company is expected to end 1996 with DM 4.8 million in Working Capital. However, the inventory level included in Working Capital is not sufficient to realize the economies of scale anticipated in the Business Plan for 1997 and subsequent years. The DM 1.0 million loan for the purchase of raw materials will allow the company to rapidly increase the production level in the early months of 1997.

Sales days in inventory is expected to average approximately 77 days during the three year period 1997 through 1999. These high inventory levels will allow the company to achieve a competitive edge in both price and delivery in order to regain a significant share of the export market.

Sales days in receivables is expected to average approximately 60 days throughout the same three year period. This is reflected of the 60 to 90 day payment terms anticipated to regain export market share.

Payable days is expected to remain at approximately 30 days throughout the period allowing the company to maintain good relations with its vendors.

- Cash Flow Summary: The company should generate a positive cash flow after debt service starting early in 1997. The ending cash balance in Dec. 1997 is anticipated to be DM 800,000, by Dec. 1998 cash balance is expected to be DM 3.1 million and by the end of Dec. 1999 the cash balance is expected to be DM 4.2 million. These cash balances are net of significant capital investment in 1998 and 1999 to continue to update equipment and restart pulp production.

#### Conclusion: Overall Risk Assessment:

Although the increase in sales is very high from 1996 to 1997, the company does have strong indication from its customers of the higher level of demand. However, a sensitivity analysis shows that if the sales level in 1997 was half of what is anticipated, the company could still generate a positive cash flow after debt service.

Since the company is the only producer of paper and paper products in the F/BiH and thus has most of the market share, sales volume will be directly related to the economic recovery in the F/BiH.

There is also a risk that the company may not be able to regain lost market share of export sales.

THE INFORMATION CONTAINED IN THIS PROFILE WAS DEVELOPED BY THE BOSNIA BUSINESS ASSISTANCE CENTER FROM CONVERSATIONS WITH MANAGEMENT OF THE COMPANY REPORTED IN THIS DOCUMENT, A REVIEW OF RECORDS AND DOCUMENTATION PROVIDED BY THE COMPANY AND OR CONVERSATIONS WITH THEIR BANKERS. THE INFORMATION CONTAINED IN THIS PROFILE IS A BEST EFFORTS COMPILATION UNDERTAKEN WITHOUT AUDIT AND IS SUBMITTED IN GOOD FAITH BUT WITHOUT RESPONSIBILITY ON BEHALF OF THE BOSNIA BUSINESS ASSISTANCE CENTER OR ITS CONSULTANTS AS TO THE VERACITY OF STATEMENTS MADE BY THE COMPANY'S MANAGEMENT AND REPORTED IN THIS DOCUMENT.

***Loan Application Package***

**BBAC FINANCIAL PROJECTIONS**

COMPANY:		1995		1996		1997		1998		1999	
ID#:		Actual		H1 Actual		H2 Estimate		Total Yr		Total Yr	
SIC#:		DM	%S	DM	%S	DM	%S	DM	%S	DM	%S
INCOME STATEMENT ITEMS											
Enter Values in DM 000											
SALES											
Item 1	Paper	124	3.2%	132	4.1%	555	10.5%	727	8.2%	19,224	51.6%
Item 2	Bags	948	24.7%	1,144	35.7%	1,776	31.2%	2,920	32.8%	3,771	10.1%
Item 3	Cardboard Packages	1,659	43.2%	1,613	50.3%	2,833	49.9%	4,452	50.0%	13,282	35.6%
Item 4	Paper to be Finished	55	1.4%	264	8.2%	426	7.6%	690	7.8%	867	2.3%
Item 5	Services/Printing	250	6.5%	17	0.5%	53	0.9%	70	0.8%	136	0.4%
Item 6	Special Purpose Products	803	20.9%	37	1.2%			37	0.4%		
Total Sales		3,839		3,207		5,683		8,886		37,280	
COST OF GOODS SOLD											
Direct Labor		101	2.6%	710	22.4%	1,342	23.6%	2,060	23.2%	4,083	11.0%
# of Workers		251		492		492		406		738	
Raw Materials		918	23.9%	794	24.8%	1,684	29.6%	2,478	27.9%	15,548	41.7%
Transportation		13	0.3%	14	0.4%	22	0.4%	38	0.4%	177	0.5%
Total Variable COGS		1,032	26.9%	1,526	47.6%	3,048	53.6%	4,574	51.4%	19,808	53.1%
Production Management Salaries		4	0.1%	17	0.5%	27	0.5%	44	0.5%	69	0.2%
# of Staff		11		10		10		10		10	
Production Facility Expense		10	0.3%	142	4.4%	97	1.7%	239	2.7%	783	2.1%
Utilities		229	6.0%	247	7.7%	437	7.7%	684	7.7%	5,000	13.4%
Maint. Other, Property Taxes		19	0.5%	70	2.2%	76	1.3%	145	1.6%	555	1.6%
Total Fixed COGS		262	6.8%	476	14.8%	637	11.2%	1,113	12.5%	8,449	22.7%
Total COGS		1,294	33.7%	2,002	62.4%	3,685	64.8%	5,687	63.9%	28,257	75.8%
GROSS MARGIN		2,545	66.3%	1,205	37.6%	2,004	35.2%	3,209	36.1%	11,023	29.6%
OPERATING EXPENSES											
Sales & Marketing Expenses											
Sales Salaries & Benefits		6	0.2%	54	1.7%	103	1.8%	157	1.8%	254	0.7%
# of Staff		15		37		37		406		738	
Advertising		5	0.1%	18	0.5%	10	0.2%	28	0.3%	407	1.1%
Other Marketing Expense, Travel		68	1.8%	66	2.1%	70	1.2%	136	1.5%	215	0.6%
Total Sales & Marketing Expense		79	2.1%	138	4.2%	183	3.2%	319	3.6%	877	2.4%
Design, Research & Development											
Design & R&D Salaries & Benefits		4	0.1%	40	1.2%	75	1.3%	115	1.3%	185	0.5%
# of Staff		11		27		27		27		27	
Other Design & R&D Expenses											
Total Design & R&D Expense		4	0.1%	40	1.2%	75	1.3%	115	1.3%	185	0.5%
General and Administrative Expenses											
G&A Salaries & Benefits		20	0.5%	154	4.8%	295	5.2%	449	5.0%	659	1.8%
# of Staff		70		105		105		105		105	
Professional Fees		4	0.1%	8	0.2%	1	0.0%	9	0.1%	7	0.0%
Insurance											
Office Supplies, Communications, Other		62	1.6%	66	2.1%	51	0.9%	117	1.3%	485	1.3%
Business Taxes		1	0.0%	2	0.1%	2	0.0%	4	0.0%	12	0.0%
Total G&A Expenses		87	2.3%	230	7.2%	349	6.1%	578	6.5%	1,563	4.2%
TOTAL SGA EXPENSES		170	4.4%	406	12.7%	607	10.7%	1,013	11.4%	2,625	7.0%
OP. MARGIN BEFORE DEPR.		2,375	61.9%	799	24.9%	1,397	24.6%	2,196	24.7%	8,397	22.5%
Depreciation		2,227	58.0%	5,424	169.1%	7,976	140.2%	13,400	150.9%	13,500	36.2%
Other Income/(Expense)											
Other Income		734	19.1%	568	17.7%	4	0.1%	572	6.4%	57	0.2%
Other Expense		851	22.2%	113	3.5%	114	2.0%	227	2.6%	34	0.1%
Interest Expense											
Total Other Income/(Expense)		(117)	-3.0%	455	14.2%	(110)	-1.9%	345	3.9%	(57)	-0.2%
NET INCOME BEFORE TAX		31	0.8%	(4,170)	-130.0%	(6,689)	-117.6%	(10,859)	-122.1%	(5,160)	-13.6%
Taxes on Income		36	0.3%	(1,501)	-46.8%	(2,408)	-42.3%	(3,909)	-43.6%	(1,858)	-5.0%
NET INCOME (LOSS)		19	0.5%	(2,669)	-83.2%	(4,281)	-75.2%	(8,950)	-78.1%	(3,302)	-8.9%
Memo: Monthly Employee Net Pay @											
22 Employer Social Costs Markup											
Pay / Worker		15		113		211		210		223	
Salary / Staff		12		112		212		247		262	
Payroll / Mo (000)		11		164		307		437		464	
Total Employment		358		661		661		915		915	
Pay/Employee		14		113		211		217		231	
% Increase						1376%		3%		6%	

COMPANY:		NATRON		1995		1996				1997		1998		1999	
ID#:	1077	Actual		H1 Actual		H2 Estimate		Total Yr							
SIC#:		DM	%Sis	DM	%Sis	DM	%Sis	DM	%Sis	DM	%Sis	DM	%Sis	DM	%Sis
<b>BALANCE SHEET ITEMS</b>															
<b>ASSETS</b>															
<b>Current Assets</b>															
Cash		73		49											
Accounts Receivable		5,900	553	1,559	89										
Inventory		11,455	1,074	904	51										
Total Current Assets		17,428		2,512											
<b>Fixed Assets</b>															
Land		497		407											
Buildings		280,027		280,027											
Furniture, Fixtures, Equipment		580,699		580,720											
Accumulated Depreciation		647,512		658,537											
		213,621		204,617											
<b>Other Assets</b>															
		5,560		7,577											
<b>TOTAL ASSETS</b>		236,609		214,706											
<b>LIABILITIES</b>															
<b>Current Liabilities</b>															
Accounts Payable		936	235	298	25										
Short-Term Debt															
Notes Payable															
Accrued Expenses		515		479											
Total Current Liabilities		1,455		777											
<b>Long-Term Liabilities</b>															
Debt 1		39,283													
Debt 2															
Total Long-Term Debt		39,283													
<b>Equity</b>															
Paid-in Capital															
Equity		99,876		114,262											
State Capital		60,495		68,943											
Retained Earnings		35,495		30,724											
Total Equity		195,865		213,929											
<b>TOTAL LIABILITIES AND EQUITY</b>		236,609		214,706											
<b>CHECK</b>		0		0											

NATRON	1995	H2 '96	Projection Period			Std: SIC#
			1997	1998	1999	
<b>DM VALUES (000)</b>						
Earnings before Interest, Taxes, Depr&Amort (EBITDA)	2,258	1,287	8,399	8,939	9,607	
Net Income	19	(4,281)	(3,301)	(3,068)	(2,751)	
Cash from Income Statement (NI + D&A)		3,695	10,199	10,632	11,149	
Cash Flow from Operations (After working capital investment)		13	193	5,954	6,795	
Cash Flow from Operations after Debt Service (Operating cash flow available for capital investment)		13	(283)	5,554	6,561	
Cash balance, end of period		188	905	3,159	4,149	
<b>RATIOS</b>						
EBITDA / Interest Expense			146.6	264.8	1,647.0	
Cash Flow from Operations / Debt Principal Pymts			0.4	14.9	29.1	
Cash Flow from Operations / Debt Principal+Capex			0.4	1.6	1.2	
Receivables Days	553	63	51	60	60	
Payables Days	235	35	34	30	30	
Inventory Days	1,074	40	50	88	93	
Sales / Inventory	0.3	9.0	7.8	4.1	3.9	
Receivables / Payables	6.3	1.9	1.8	2.7	2.7	
<b>EMPLOYMENT INDICATORS</b>						
Total Employment	358	661	915	915	915	
Net Pay / Employee	14	211	217	231	246	
% Change		1378%	3%	6%	7%	



## INCOME STATEMENT - Annual Projections

BBAC

NATRON	1995	1996			Projection Period			Std. SIC#
		H1-act	H2-est	Tot Yr	1997	1998	1999	
<b>SALES</b>								
Paper	124	132	595	727	19,224	19,405	19,623	
Bags	948	1,144	1,776	2,920	3,771	4,525	5,430	
Cardboard Packages	1,659	1,613	2,839	4,452	13,282	14,418	15,781	
Paper to be Finished	55	264	426	690	867	1,040	1,249	
Services/Printing	250	17	53	70	135	163	196	
Special Purpose Products	803	37		37				
Total Sales	3,839	3,207	5,689	8,896	37,280	39,551	42,279	
% Growth				131.7%	319.1%			
<b>COST OF GOODS SOLD</b>								
Direct Labor	101	718	1,342	2,060	4,083	4,332	4,631	
% of Sales	2.6%	22.4%	23.6%	23.2%	11.0%	11.0%	11.0%	
Raw Materials	918	794	1,684	2,478	15,548	16,481	17,617	
% of Sales	23.9%	24.8%	29.6%	27.9%	41.7%	41.7%	41.7%	
Transportation	13	14	22	36	177	184	161	
Fixed COGS	262	476	637	1,113	6,449	6,842	7,313	
Total COGS	1,294	2,002	3,685	5,687	26,257	27,838	29,722	
% of Sales	33.7%	62.4%	64.8%	63.9%	70.4%	70.4%	70.3%	
<b>GROSS MARGIN</b>	2,545	1,205	2,004	3,209	11,023	11,713	12,557	
% of Sales	66.3%	37.6%	35.2%	36.1%	29.6%	29.6%	29.7%	
<b>OPERATING EXPENSES</b>								
<b>Sales &amp; Marketing Expenses</b>								
Sales Salaries & Benefits	6	54	103	157	254	269	285	
Advertising	5	16	10	26	407	414	421	
Other Marketing Expense; Travel	68	66	70	136	216	248	285	
Total Sales & Marketing Expense	79	136	183	319	877	931	991	
% of Sales	2.1%	4.2%	3.2%	3.6%	2.4%	2.4%	2.3%	
<b>Design, Research &amp; Development</b>								
Design & R&D Salaries & Benefits	4	40	75	115	185	196	215	
Other Design & R&D Expenses								
Total Design & R&D Expense	4	40	75	115	185	196	215	
% of Sales	0.1%	1.2%	1.3%	1.3%	0.5%	0.5%	0.5%	
<b>General and Administrative Expenses</b>								
G&A Salaries & Benefits	20	154	295	449	659	699	742	
Professional Fees	4	8	1	9	7	7	7	
Insurance					400	414	432	
Office Supplies, Communications, Oth	62	66	51	117	485	514	550	
Business Taxes	1	2	2	4	12	12	12	
Total G&A Expenses	87	230	349	579	1,562	1,646	1,743	
% of Sales	2.3%	7.2%	6.1%	6.5%	4.2%	4.2%	4.1%	
<b>TOTAL OPERATING EXPENSES</b>	170	406	607	1,013	2,624	2,774	2,949	
% of Sales	4.4%	12.7%	10.7%	11.4%	7.0%	7.0%	7.0%	
<b>OP. MARGIN BEFORE DEPR.</b>	2,375	798	1,397	2,196	8,399	8,939	9,607	
% of Sales	61.9%	24.9%	24.5%	24.7%	22.5%	22.6%	22.7%	
<b>Depreciation</b>	2,227	5,424	7,976	13,400	13,500	13,700	13,900	
<b>Other Income/(Expense)</b>								
Other Income	734	568	4	572				
Other Expense	851	113	114	227				
Interest Expense					57	34	6	
Total Other Income/(Expense)	(117)	455	(110)	345	(57)	(34)	(6)	
<b>NET INCOME BEFORE TAX</b>	31	(4,171)	(6,689)	(10,859)	(5,159)	(4,795)	(4,299)	
% of Sales	0.8%	-130.0%	-117.6%	-122.1%	-13.8%	-12.1%	-10.2%	
<b>Taxes on Income</b>	12	(1,501)	(2,408)	(3,909)	(1,858)	(1,727)	(1,548)	
<b>NET INCOME (LOSS)</b>	19	(2,669)	(4,281)	(6,950)	(3,301)	(3,068)	(2,751)	
% of Sales	0.5%	-83.2%	-75.3%	-78.1%	-8.9%	-7.8%	-6.5%	
memo: EBITDA	2,258	1,253	1,287	2,541	8,399	8,939	9,607	

## BALANCE SHEET - Annual Projections

BBAC

NATRON	1995	1996		Projection Period		
		Hi	YrEnd	1997	1998	1999
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash	73	49	188	905	3,159	4,149
Accounts Receivable	5,900	1,559	2,228	6,213	6,592	7,047
Inventory	11,455	904	2,900	8,240	10,570	13,000
Total Current Assets	17,428	2,512	5,316	15,358	20,321	24,195
<b>Fixed Assets</b>						
Land	407	407	407	407	407	407
Buildings	280,027	280,027	280,027	280,027	280,027	280,027
Furniture, Fixtures, Equipment	580,699	580,720	580,720	580,720	584,020	589,520
Accumulated Depreciation	647,512	656,537	664,513	678,013	691,713	705,413
Total Fixed Assets	213,621	204,617	196,641	183,141	172,741	164,541
Other Assets	5,560	7,577	9,976	11,833	13,559	15,034
<b>TOTAL ASSETS</b>	<b>236,609</b>	<b>214,706</b>	<b>211,933</b>	<b>210,332</b>	<b>206,621</b>	<b>203,770</b>
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Accounts Payable	936	298	1,680	2,857	2,614	2,619
Short Term Debt						
Notes Payable						
Accrued Expenses	519	479	479	479	479	479
Total Current Liabilities	1,455	777	2,159	3,336	3,093	3,098
<b>Long-Term Liabilities</b>						
Debt 1	39,288		110			
Debt 2						
BRFF				633	233	(0)
Total Long-Term Liabilities	39,288		110	633	233	(0)
<b>Equity</b>						
Paid-In Capital						
Equity	99,876	114,262	114,262	114,262	114,262	114,262
State Capital	60,495	68,943	68,943	68,943	68,943	68,943
Retained Earnings	35,495	30,724	26,459	23,158	20,089	17,467
Total Equity	195,866	213,929	209,664	206,363	203,294	200,672
<b>Total Liabilities and Equity</b>	<b>236,609</b>	<b>214,706</b>	<b>211,933</b>	<b>210,332</b>	<b>206,621</b>	<b>203,770</b>

**CASH FLOW STATEMENT - Annual Projections**
**BBAC**

NATRON	1996		Projection Period		
	H1-act	H2-est	1997	1998	1999
Net Income	(2,669)	(4,281)	(3,301)	(3,068)	(2,751)
Depreciation	5,424	7,976	13,500	13,700	13,900
<b>Cash from Income Statement</b>	<b>2,755</b>	<b>3,695</b>	<b>10,199</b>	<b>10,632</b>	<b>11,149</b>
<b>Working Capital</b>					
<i>Change in:</i>					
Receivables	(4,341)	669	3,985	379	455
Inventory	(10,551)	1,996	5,340	2,330	2,430
Payables	(638)	1,382	1,177	(243)	5
Net Other Assets	2,057	2,399	1,857	1,726	1,475
<b>Total Working Capital Change</b>	<b>(12,197)</b>	<b>3,682</b>	<b>10,006</b>	<b>4,677</b>	<b>4,355</b>
<b>Cash From Operations</b>	<b>14,952</b>	<b>13</b>	<b>193</b>	<b>5,954</b>	<b>6,795</b>
<b>Capital Investment</b>	<b>21</b>			<b>3,300</b>	<b>5,500</b>
<b>Cash from Financing</b>					
<i>Increase in:</i>					
Short-Term Credit					
Long-Term Credit		110	1,000		
<b>Total New Credit</b>		<b>110</b>	<b>1,000</b>		
<i>Debt Repayment:</i>					
Short-Term Debt					
Long-Term Debt			477	400	233
<b>Total Debt Repayment</b>	<b>39,288</b>		<b>477</b>	<b>400</b>	<b>233</b>
<b>Equity + Paid-in Capital</b>	<b>22,834</b>				
<b>Total Cash from Financing</b>	<b>(16,454)</b>	<b>110</b>	<b>523</b>	<b>(400)</b>	<b>(233)</b>
<b>Increase/(Decrease) in Cash</b>	<b>(1,523)</b>	<b>123</b>	<b>717</b>	<b>2,254</b>	<b>1,061</b>
Beginning Cash Balance	73	49	172	888	3,143
Ending Cash Balance	49	172	888	3,143	4,204
<i>Discrepancy: Actual - Calculated</i>	<b>1,499</b>				

## INCOME STATEMENT - Monthly Financial Projections

	Jul-96	Aug-96	Sep-96	Oct-96	Nov-96	Dec-96	Jan-97	Feb-97	Mar-97	Apr-97	May-97	Jun-97	Jul-97	Aug-97	Sep-97	Oct-97	Nov-97	Dec-97
<b>SALES</b>																		
Paper	59	84	94	104	114	140	801	1,121	1,602	1,602	1,602	1,602	2,083	2,403	1,602	1,602	1,602	1,602
Bags	175	252	281	311	340	417	157	220	314	314	314	314	409	471	314	314	314	314
Cardboard Packages	281	405	453	501	548	672	553	776	1,107	1,107	1,107	1,107	1,436	1,660	1,107	1,107	1,107	1,107
Paper to be Finished	48	66	74	82	90	110	36	51	72	72	72	72	94	108	72	72	72	72
Service Printing	3	4	5	5	6	7	8	8	11	11	11	11	15	17	11	11	11	11
Special Purpose Products	6	9	10	11	13	15												
<b>Total Sales</b>	<b>570</b>	<b>821</b>	<b>918</b>	<b>1,014</b>	<b>1,111</b>	<b>1,362</b>	<b>1,553</b>	<b>2,175</b>	<b>3,107</b>	<b>3,107</b>	<b>3,107</b>	<b>3,107</b>	<b>4,039</b>	<b>4,860</b>	<b>3,107</b>	<b>3,107</b>	<b>3,107</b>	<b>3,107</b>
<b>COST OF GOODS SOLD</b>																		
Direct Labor	134	194	216	239	262	321	170	236	340	340	340	340	442	510	340	340	340	340
Raw Materials	169	243	272	300	329	403	640	907	1,296	1,296	1,296	1,296	1,684	1,943	1,296	1,296	1,296	1,296
Transportation	2	3	4	4	4	5	7	10	15	15	15	15	19	22	15	15	15	15
Fixed COGS	64	92	103	114	124	153	269	376	537	537	537	537	699	806	537	537	537	537
<b>Total COGS</b>	<b>369</b>	<b>532</b>	<b>594</b>	<b>657</b>	<b>720</b>	<b>882</b>	<b>1,084</b>	<b>1,532</b>	<b>2,188</b>	<b>2,188</b>	<b>2,188</b>	<b>2,188</b>	<b>2,844</b>	<b>3,282</b>	<b>2,188</b>	<b>2,188</b>	<b>2,188</b>	<b>2,188</b>
<b>GROSS MARGIN</b>	<b>201</b>	<b>289</b>	<b>323</b>	<b>357</b>	<b>391</b>	<b>480</b>	<b>459</b>	<b>643</b>	<b>919</b>	<b>919</b>	<b>919</b>	<b>919</b>	<b>1,194</b>	<b>1,578</b>	<b>919</b>	<b>919</b>	<b>919</b>	<b>919</b>
<b>% of Sales</b>	<b>35.2%</b>	<b>35.2%</b>	<b>35.2%</b>	<b>35.2%</b>	<b>35.2%</b>	<b>35.2%</b>	<b>29.6%</b>	<b>29.6%</b>	<b>29.6%</b>	<b>29.6%</b>	<b>29.6%</b>	<b>29.6%</b>	<b>29.6%</b>	<b>29.6%</b>	<b>29.6%</b>	<b>29.6%</b>	<b>29.6%</b>	<b>29.6%</b>
<b>OPERATING EXPENSES</b>																		
Sales & Marketing Expenses	10	15	17	18	20	25	11	15	21	21	21	21	28	32	21	21	21	21
Salaries & Benefits	1	1	2	2	2	2	17	24	34	34	34	34	44	51	34	34	34	34
Advertising	7	10	11	12	14	17	9	13	18	18	18	18	23	27	18	18	18	18
Other Marketing Expenses, Travel, & Other	18	26	30	33	36	44	37	51	73	73	73	73	95	110	73	73	73	73
<b>Total Sales &amp; Marketing Expense</b>	<b>36</b>	<b>42</b>	<b>48</b>	<b>53</b>	<b>58</b>	<b>71</b>	<b>27</b>	<b>38</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>71</b>	<b>82</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>55</b>
Design, Research & Development	6	11	12	13	15	18	6	11	15	15	15	15	20	23	15	15	15	15
Depreciation	8	11	12	13	15	18	6	11	15	15	15	15	20	23	15	15	15	15
<b>Total Design, R&amp;D Expense</b>	<b>14</b>	<b>22</b>	<b>24</b>	<b>26</b>	<b>30</b>	<b>36</b>	<b>12</b>	<b>22</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>40</b>	<b>46</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>30</b>
General and Administrative Expenses	30	43	48	53	58	71	27	38	55	55	55	55	71	82	55	55	55	55
Office Salaries & Benefits	0	0	0	0	0	0	0	0	1	1	1	1	1	1	1	1	1	1
Professional Fees	0	0	0	0	0	0	0	0	1	1	1	1	1	1	1	1	1	1
Travel	5	7	8	9	10	12	20	26	40	40	40	40	43	50	40	40	40	40
Office Supplies, Communications, & Other	0	0	0	0	0	0	0	1	1	1	1	1	1	1	1	1	1	1
<b>Total General &amp; Admin Expense</b>	<b>35</b>	<b>50</b>	<b>56</b>	<b>62</b>	<b>68</b>	<b>84</b>	<b>65</b>	<b>91</b>	<b>130</b>	<b>130</b>	<b>130</b>	<b>130</b>	<b>169</b>	<b>195</b>	<b>130</b>	<b>130</b>	<b>130</b>	<b>130</b>
<b>Total Operating Expenses</b>	<b>61</b>	<b>88</b>	<b>106</b>	<b>119</b>	<b>133</b>	<b>161</b>	<b>105</b>	<b>153</b>	<b>216</b>	<b>216</b>	<b>216</b>	<b>216</b>	<b>284</b>	<b>328</b>	<b>216</b>	<b>216</b>	<b>216</b>	<b>216</b>
<b>% of Sales</b>	<b>10.7%</b>	<b>10.7%</b>	<b>10.7%</b>	<b>10.7%</b>	<b>10.7%</b>	<b>10.7%</b>	<b>7.0%</b>	<b>7.0%</b>	<b>7.0%</b>	<b>7.0%</b>	<b>7.0%</b>	<b>7.0%</b>	<b>7.0%</b>	<b>7.0%</b>	<b>7.0%</b>	<b>7.0%</b>	<b>7.0%</b>	<b>7.0%</b>
<b>Net Income Before Depreciation</b>	<b>140</b>	<b>202</b>	<b>225</b>	<b>249</b>	<b>273</b>	<b>335</b>	<b>350</b>	<b>490</b>	<b>700</b>	<b>700</b>	<b>700</b>	<b>700</b>	<b>910</b>	<b>1,059</b>	<b>700</b>	<b>700</b>	<b>700</b>	<b>700</b>
<b>% of Sales</b>	<b>24.6%</b>	<b>24.6%</b>	<b>24.6%</b>	<b>24.6%</b>	<b>24.6%</b>	<b>24.6%</b>	<b>22.5%</b>	<b>22.5%</b>	<b>22.5%</b>	<b>22.5%</b>	<b>22.5%</b>	<b>22.5%</b>	<b>22.5%</b>	<b>22.5%</b>	<b>22.5%</b>	<b>22.5%</b>	<b>22.5%</b>	<b>22.5%</b>
<b>Depreciation</b>	<b>1,329</b>	<b>1,329</b>	<b>1,329</b>	<b>1,329</b>	<b>1,329</b>	<b>1,329</b>	<b>1,125</b>	<b>1,125</b>	<b>1,125</b>	<b>1,125</b>	<b>1,125</b>	<b>1,125</b>	<b>1,125</b>	<b>1,125</b>	<b>1,125</b>	<b>1,125</b>	<b>1,125</b>	<b>1,125</b>
<b>Net Income</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>% of Sales</b>	<b>0%</b>	<b>0.1%</b>	<b>0.1%</b>	<b>0.1%</b>	<b>0.1%</b>	<b>0.1%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
<b>Other Income</b>	<b>11</b>	<b>16</b>	<b>18</b>	<b>20</b>	<b>22</b>	<b>27</b>	<b>8</b>	<b>11</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>20</b>	<b>23</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>
<b>Other Expenses</b>	<b>(11)</b>	<b>(16)</b>	<b>(18)</b>	<b>(20)</b>	<b>(22)</b>	<b>(27)</b>	<b>(8)</b>	<b>(11)</b>	<b>(15)</b>	<b>(15)</b>	<b>(15)</b>	<b>(15)</b>	<b>(20)</b>	<b>(23)</b>	<b>(15)</b>	<b>(15)</b>	<b>(15)</b>	<b>(15)</b>
<b>Total Other Income/Expense</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Income Before Tax</b>	<b>(1,200)</b>	<b>(1,144)</b>	<b>(1,122)</b>	<b>(1,100)</b>	<b>(1,078)</b>	<b>(1,021)</b>	<b>(775)</b>	<b>(641)</b>	<b>(431)</b>	<b>(431)</b>	<b>(431)</b>	<b>(430)</b>	<b>(220)</b>	<b>(80)</b>	<b>(430)</b>	<b>(429)</b>	<b>(429)</b>	<b>(429)</b>
<b>Taxes on Income</b>	<b>(432)</b>	<b>(412)</b>	<b>(404)</b>	<b>(398)</b>	<b>(388)</b>	<b>(368)</b>	<b>(279)</b>	<b>(231)</b>	<b>(155)</b>	<b>(155)</b>	<b>(155)</b>	<b>(155)</b>	<b>(79)</b>	<b>(26)</b>	<b>(155)</b>	<b>(155)</b>	<b>(155)</b>	<b>(155)</b>
<b>Net Income (Loss)</b>	<b>(1,632)</b>	<b>(1,556)</b>	<b>(1,526)</b>	<b>(1,478)</b>	<b>(1,466)</b>	<b>(1,389)</b>	<b>(1,054)</b>	<b>(872)</b>	<b>(586)</b>	<b>(586)</b>	<b>(586)</b>	<b>(585)</b>	<b>(299)</b>	<b>(106)</b>	<b>(585)</b>	<b>(584)</b>	<b>(584)</b>	<b>(584)</b>
<b>% of Sales</b>	<b>-27.8%</b>	<b>-18.9%</b>	<b>-16.6%</b>	<b>-14.7%</b>	<b>-13.2%</b>	<b>-10.2%</b>	<b>-6.7%</b>	<b>-4.0%</b>	<b>-1.9%</b>	<b>-1.9%</b>	<b>-1.9%</b>	<b>-1.9%</b>	<b>-7.4%</b>	<b>-2.2%</b>	<b>-18.8%</b>	<b>-18.8%</b>	<b>-18.8%</b>	<b>-18.8%</b>

## BALANCE SHEET - Monthly Financial Projections

BBAC

NAZRON	Jul-96	Aug-96	Sep-96	Oct-96	Nov-96	Dec-96	Jan-97	Feb-97	Mar-97	Apr-97	May-97	Jun-97	Jul-97	Aug-97	Sep-97	Oct-97	Nov-97	Dec-97
<b>ASSETS</b>																		
Current Assets																		
Cash	533	95	29	64	169	188	254	216	403	678	753	1,023	639	546	1,306	415	242	905
Accounts Receivable	1,305	1,831	2,102	2,157	2,181	2,228	3,107	3,624	4,142	4,142	4,142	4,142	7,404	8,543	5,696	5,696	6,213	6,213
Inventory	1,201	1,327	1,454	1,783	2,071	2,900	4,142	4,142	4,142	4,142	5,395	6,213	3,935	3,935	6,213	7,767	8,240	8,240
Total Current Assets	3,039	3,303	3,585	4,004	4,421	5,316	7,502	7,962	8,688	8,962	10,280	11,379	11,979	13,024	13,215	13,877	14,695	15,358
Fixed Assets																		
Land	407	407	407	407	407	407	407	407	407	407	407	407	407	407	407	407	407	407
Buildings	280,027	280,027	280,027	280,027	280,027	280,027	280,027	280,027	280,027	280,027	280,027	280,027	280,027	280,027	280,027	280,027	280,027	280,027
Furniture, Fixtures, Equipment	580,720	580,720	580,720	580,720	580,720	580,720	580,720	580,720	580,720	580,720	580,720	580,720	580,720	580,720	580,720	580,720	580,720	580,720
Accumulated Depreciation	657,866	659,196	660,525	661,854	663,184	664,513	665,843	667,173	668,503	669,833	671,163	672,493	673,823	675,153	676,483	677,813	679,143	680,473
Total Fixed Assets	203,288	201,958	200,629	199,300	197,970	196,641	195,311	193,981	192,651	191,321	189,991	188,661	187,331	186,001	184,671	183,341	182,011	180,681
Other Assets	6,009	6,421	6,825	7,229	7,633	8,037	8,441	8,845	9,249	9,653	10,057	10,461	10,865	11,269	11,673	12,077	12,481	12,885
<b>TOTAL ASSETS</b>	<b>214,336</b>	<b>213,682</b>	<b>213,039</b>	<b>212,524</b>	<b>212,000</b>	<b>211,933</b>	<b>213,274</b>	<b>212,860</b>	<b>212,595</b>	<b>211,900</b>	<b>212,247</b>	<b>212,376</b>	<b>211,930</b>	<b>211,880</b>	<b>211,101</b>	<b>210,792</b>	<b>210,640</b>	<b>210,332</b>
<b>LIABILITIES</b>																		
Current Liabilities																		
Accounts Payable	696	774	849	1,038	1,204	1,680	2,627	2,657	2,701	2,315	2,972	3,409	3,138	3,172	2,701	2,701	2,857	2,857
Notes Payable	479	479	479	479	479	479	479	479	479	479	479	479	479	479	479	479	479	479
Accrued Liabilities	1,175	1,253	1,328	1,517	1,683	2,159	3,106	3,136	3,180	2,784	3,451	3,888	3,617	3,651	3,180	3,180	3,336	3,336
Total Current Liabilities																		
Long-Term Liabilities																		
Notes Payable						110												
Other Long-Term Liabilities																		
Equity																		
Common Stock	114,262	114,262	114,262	114,262	114,262	114,262	114,262	114,262	114,262	114,262	114,262	114,262	114,262	114,262	114,262	114,262	114,262	114,262
Retained Earnings	68,943	68,943	68,943	68,943	68,943	68,943	68,943	68,943	68,943	68,943	68,943	68,943	68,943	68,943	68,943	68,943	68,943	68,943
Total Equity	29,956	29,224	28,506	27,802	27,112	26,459	25,963	25,552	25,276	25,001	24,725	24,449	24,309	24,257	23,982	23,707	23,432	23,158
Total Liabilities and Equity	214,336	213,682	213,039	212,524	212,000	211,933	213,274	212,860	212,595	211,900	212,247	212,376	211,930	211,880	211,101	210,792	210,640	210,332



***Loan Application Package***

***SUMMARY OF APPLICANT'S BUSINESS PLAN***

## BUSINESS PLAN SUMMARY

NATRON D.D.

IDI/1077

## I. COMPANY DESCRIPTION

Company Name:	NATRON D.D. MAGLAJ		
Address:	Maglaj, Lijesnica b.b.		
Contacts:	Mr. Ibrahim Sehic Assistant of General Manager for development.		
Telephone:	074/813-355	Fax:	074/813-187
Business Sector:	Paper industry		
Business Type:	<input type="checkbox"/> Retail <input type="checkbox"/> Distributor <input checked="" type="checkbox"/> Manufacturer <input type="checkbox"/> Service		
Products, Services:	Manufacturing of: paper, corrugated cardboard and paper bags		
SIC#	2621.2631		
Legal Form of Enterprise:	Shareholder's Company Registration Number: UII- 34-94		
Year Founded:	1951		
Bank Name:	Privredna banka Sarajevo		
Bank Contact:	Camil Klepo		
Tel & Fax:	071/663-806		
Length of Bank-Co. Relationship	25 years		

## OWNERSHIP PROFILE

Name	Address	% Ownership	Company Position
Employees		62	
State		38	

## MANAGEMENT PROFILE

Name	Address (City)	% Ownership	Company Position	Years in Industry
Salim Ibrahimfendic	Maglaj		General Manager	33
Sefkija Boltonjic	Maglaj		Deputy General Manager	20
Mersija Krzic	Maglaj		Commercial Director	21
Edhem Salaka	Maglaj		Financial Director	32
Ibrahim Sehic	Maglaj		Assistant of General Manager for development	28

( See attached organization chart )



C.V.'s of key managers attached.

- 1). Ibrahimefendic Salim  
Born on 1936, graduate Technological science at Zagreb university, Doctor's degree.
- 2). Sefkija Boltonjic  
Born on 1952, graduate Technological science, Bachelor degree.
- 3). Mersija Krzic  
Born on 1953, graduate Technological science, Bachelor degree.
- 4). Edhem Salaka  
Born on 1935, graduate Economic science, Bachelor degree.
- 5). Ibrahim Sehic  
Born on 1941, graduate Economic science, Bachelor degree.

**BUSINESS PLAN SUMMARY**
**BBAC**
Economic profile:

<b>ECONOMIC PROFILE</b>				
	<b>1991</b>	<b>1996 estimate</b>	<b>1997 projection</b>	<b>1998 projection</b>
<b>Revenues (DM 000)</b>	339,974	8,896	37,280	39,551
<b>Net Profit (after tax) (DM 000)</b>	10%	-8,546 (Loss)	-10,638 (Loss)	-10,079 (Loss)
<b>Employees</b>	4,605	661	915	915
<b>Sales: BiH (%)</b>	19%	93% "Krivaja" Zavidovici "FDS" Sarajevo "SIP-KONJUH" Zivinice "KLAS" Sarajevo "UNICO-Filteri" Tesanj "Agrokomerc" Velika Kladusa "CORN-FLIPS" Srebrenik "VITEZIT" Vitez	66% "KRIVAJA" Zavidovici "BORAC" Travnik "VITEZIT" Vitez "FEROELEKTR O" Sarajevo "FDS" Sarajevo "	66%
<b>Sales: Ex-Yugo (% &amp; States)</b>	74% Macedonia Slovenia Croatia Serbia Montenegro	7% -Croatia "UNIVEL-KOMERC" Varazdin -Slovenia "VALKARTON" Logatec "ALPHA-INTER" Ljubljana	16% -Croatia "UNIVEL- KOMERC" Varazdin "GOLED" Zagreb -Slovenia "VALKARTON" Logatec "ALPHA-INTER" Ljubljana -SR Yugoslavia	15% -Croatia, -Slovenia, -SR Yugoslavia
<b>Sales: Exports (% &amp; Countries)</b>	7% -Italy (AGNATI, FISCHEBI,FURL ANI-TRADING) -Austria (PATRIJA,WALD -KOMERC) -Germany -Hungary (DUNAJ- VAROS) -Czech (SURPACK,SEP AP) -Turkey (PERA) - Swiss	N/A	17% -Italy, -Austria -Germany, -Hungary, -Turkey.	19% -Italy, -Austria, -Germany, -Hungary, -Turkey.

## II. DESCRIPTION OF PROJECT

- Nature of Project: ☒ Restart: restoration and/or expansion of prior productive capacity  
☐ Startup (new business) with experienced management

Project Description

The firm was established in 1951 as the largest paper and cardboard manufacturer within Balkan Peninsula and ex-Yu. While improving paper production the firm also developed other facilities for paper and cardboard processing: paper formatting, cutting, printing and paper-bags manufacturing. NATRON's production capacities were utilized primarily for ex-Yu market which in 1991 consumed over ninety percent of total sales, with export sales at 7% only. The firm's name became a Trade-Mark as paper for bags was named "Natron Paper". In 1991 annual revenue was DM 340Mill and the company employed 4,600 workers.

The facility is located in the town of Maglaj, about 100 km north of Sarajevo on the main highway Sarajevo-Zenica-Doboj-Zagreb. All equipment and utilities (power and water supply) are within the facility complex. The majority of the equipment is old (1950, 1963, 1970), but in fair condition. Since established the firm did two major overhauls of the equipment: in 1980 and 1990. In 1990 all environmental protection equipment was installed.

Starting in the pre-war year, most of their customers were experiencing production and cash flow problems, thus the company started to barter trade, getting raw-materials and wide variety of other commodities in exchange for paper products. Thanks to this fact the firm had raw-material to maintain low-level production to keep machines operating, and other commodities (food) for supporting Army of BiH and public kitchens of municipality of Maglaj during the war.

In 1996 the firm restarted production of paper, corrugated cardboard, and paper bags bringing annual sales at DM 8,9 Mill, less than 3% of pre-war sales. For 1997 they plan to reach 10% of pre-war revenue, if they can raise funds to overcome lack of working capital. With this project the firm is seeking funds for working capital/raw-material/pulp and salaries only, in order to restart a part of the production. The firm does not intend to restart with production of pulp, although it has capacities for it. For restarting with production of pulp the company will be required to raise approximately DM 15.0 million. The company would seek joint venture or equity financing for these funds.

Project Implementation Schedule

The firm will start operations 30 days after loan funding. Employment will start immediately after the loan approval.

# BUSINESS PLAN SUMMARY

BBAC

## Sources and Uses of Funds

USES OF FUNDS		
Major Equipment, Buildings	List	Value
	Total Major Equipment	0
Facilities (Expansion, Repair)	Total Facilities	0
Working Capital	1. Raw-material/cellulose	DM 854,520
	2. Salaries	DM 145,480
	Total Working Capital	DM 1,000,000
Total Uses of Funds		DM 1,000,000
SOURCES OF FUNDS		
Owners/Managers Cash Investment		
Loans	BRFF	DM 1,000,000
	Total Loans	DM 1,000,000
Equity	Total Equity	
Total Sources of Funds		DM 1,000,000

## Notes to Sources and Uses Table (if any)

The firm will purchase raw material/cellulose at foreign market (Slovakia-Surpak), and waste paper and coal from the local market, proforma-invoices attached.

## Description of Assets Contributed / Prior Investment in Project

N/A

## Collateral Description

Asset	Description	Book Value	Market Value
Equipment	Paper bag machine		DM 1,699,000
	Total		DM 1,699,000

Note: Paper bag machine offered by the firm as collateral is of Japanese origin, produced in 1989, with capacity to manufacture various kinds of paper bags at 130 pieces per minute of double-layered bags and 200 pieces per minute of single-layered bags. The market value of collateral was determined by the firm's appraiser team, report attached.

Other Guarantees or Security (if any)

The firm can offer other collateral, if necessary.

Loan Structure and Repayment Plan (list each loan separately)

The firm intends to repay the loan at BRFF terms. The financial plan reflects the proceeds of the loan to be received in January 1997 and the repayment to start one month later.

**III. MARKET AND MARKETING**Overall Market/Customer Base Description and Growth Assessment

As stated earlier, NATRON was sized to cover ex-Yu market needs in paper and paper products. There are several groups of consumers/customers for their products at domestic market:

- Producers of bulky consumer products such as: sugar, detergents, cement, wheat, are using the company's bags for packing.
- Manufacturers of different bulky commodities such as furniture, kitchen appliances and others.
- Printing mills, paper-packages producers and others.

The firm has long-term related customers from pre-war time throughout BiH and ex-Yu. They expect with further political and economic development in the area to enter other markets, Republica Serbska, Serbia and Monte Negro, and to regain former customers.

One third of paper production is used in the production of paper bags and corrugated cardboard, one third of paper production is sold in the BiH market, and one third of paper production is exported. Along with the economic recovery of the region, the company expects that the paper consumption in the domestic market will grow, same as the export market. They continuously survey the market for their products in order to target potential customers. Graphic representation of the Natron's paper realization attached.

Company's Position in the Market (Domestic and Export)

NATRON has a strong marketing position in domestic market, as the only paper and cardboard producer in F/BiH. The company is trying to position itself in the export market as it was isolated during the war. Efforts has been made to come back in Ex-Yu republic markets as the greatest market for Natrons' products. The company is actively exploring Western European markets, in which it exported before, and how to be able to regain their former traditional buyers.

Key Customers and Sales Channels (Actual and Planned):

Key Customer or Channel	Product	% of Sales
Krivaja Zavidovici	Furniture	15
FDS Sarajevo	Cigarette	15
SIP Konjuh Zivinice	Furniture	10
Klas Sarajevo	Consumer goods	10
Unico filteri Tesanj	Car-spare parts	7
Agrokomerc Velika Kladusa	Consumer goods	5
Corn-Flips Srebrenik	Consumer goods	5
ASTRO Sarajevo	Soaps and detergents	5
Sarajevska pivara	Bear	5
Vispak Visoko	Consumer goods	5
Peradarstvo Orasja	Eggs	5
Vitezit Vitez	Special purpose products	4
Helios Banovici	Stoves	3
FD Mostar	Cigarettes	3

Discussion:

The company does not have any customer participating in total sales more than 20%.

The firm has executed some Letters of Intent with their former buyers. The following list identifies customers who have executed Letters of Intent and/or expressed strong verbal commits.

Buyer	Product	Paper ton/monthly	Corrugated cardboard ton/monthly
1. Krivaja, Zavidovici	Furniture	80	150
2. Borac, Travnik	Textile-ready made clothes	75	-
3. Vitezit, Vitez	Special purpose products	-	110
4. Feroelektro, Sarajevo	Trade-exporter	50	-
5. Alpha-Inter, Ljubljana, Slovenia	Trade-exporter	60	-
6. FDS, Sarajevo	Cigarette	170	-
7. Valkarton, Logatec, Slovenia	Cardboard producer	340	-
8. Univel-Komerc, Varazdin, Croatia	Trade-exporter	110	-
9. Goled, Zagreb, Croatia	Trade-exporter	30	-
<b>Total:</b>		<b>915</b>	<b>260</b>

Marketing Practices and Plans: Advertising

Sales are organized through the Commercial and Marketing Department with separate units for Marketing, Purchasing, Import/Export and Transport. The firm has well organized cooperation with domestic trading companies as FEROELEKTRO-Sarajevo, and Alfa-Inter-Ljubljana, Slovenia, Univel-Komerc-Varazdin, Croatia through which it is currently selling part of its production program.

The company advertises in various media introducing its products. They try to organize sales through sales agents and representatives abroad as it was organized in pre-war time.

Discussion of Competition: Competitive Advantages of the Company

There is no other local producer, therefore competition in the domestic market is from abroad. Imported goods carry high costs due to import duties and transportation. Therefore, the company enjoys a price advantage when compared to imported products. At the foreign market the situation is quite different as most of these countries have paper production on their own. In Croatia it is "BELISCE", in Slovenia "VALKARTON", and "DUNAJVAROS" in Hungary. Beside, there are other producers from the world market. The company must follow business strategies of its competitors, pricing, quality, delivery, to keep and improve its market position. The "Natron" trademark has value in the export market. It carries with it a reputation of quality and timely delivery.

Receivable and Collections

The company's payment terms depends on the contract value and the buyer to whom the firm sells. Therefore terms range from cash on delivery to 90 days receivable.

The firm's receivable balance:

06/30/1996

Description	Amount DM	Remark
Pre-war receivable, ex-Yu	938,611	This amount is receivable from pre-war sales activities within ex-Yu. Due to unregulated accounting system the firm has to state this receivable, but it is uncollectable.
Government war debt	3,058,789	The firm is treating this receivable as currently uncollectable, as F/BiH Army and Logistic distributive center of Maglaj Municipality are not in position to pay these debts in the near future.
Current receivable	1,500,000	Out of this amount the firm has collected DM 800,000 by the end of the 1996, expecting to collect the balance within the next 90 days.
<b>Total:</b>	<b>5,497,400</b>	

## IV. OPERATIONS

Materials/Inventories Sourcing (Location, Availability)

The firm has inventory on 06/30/1996 in amount of DM 13,799,000, consisting of raw-material, and finished goods.

*Inventory on 06/30/1996*

Description	Amount DM	Remark
Finished goods	13,696,260	Out of this inventory the firm can use paper in amount of DM 800,000, the rest is useless due to war damage.
Raw-material	103.597	The firm has no main raw material for it's production/pulp. This small balance consists of fuel and chemicals.
<b>Total:</b>	<b>13,799,857</b>	

*Breakdown on raw-material inventory on 06/30/1996:*

Description	Total value DM
1.Coal, oil, gas	31,984
2. Chemicals	71,613
<b>Total:</b>	<b>103.597</b>

The firm has inventory according semiannual income statement in amount of DM 13,799,857. Part of this inventory are inventory of finished goods, and it's amount is DM 13,696,260. The finished goods inventory belongs to pre-war time production and it is worthless, and can not be recycled. These products are ruined by the moisture and long keeping in stock houses, so the firm can not sell or use them. The stock house where the factory has been keeping the majority of these finished goods inventory was damaged during the war, therefore it has become inappropriate for keeping them. The calculating system and bookkeeping laws are the only reason why the company keep them on their books. Out of this amount is paper inventory of DM 800,000. The firm will use this paper in production process. The other part of inventory is inventory of finished goods and it amounts to DM 103,597.

For the production planed by this program main raw material is cellulose and waste paper. The waste paper the firm will purchase at local market, and cellulose from abroad, actually from Slovakia. The secondary raw material/ coal, fuel, and the consumable repairing parts of equipment the firm will purchase at the local market. Because of the well known political problems here in Bosnia, transport becomes a limiting factor in factories activities either they try to purchase raw materials or to sell their products. Therefore transport costs increase prices of Natrons' products too. How to be able to reduce transport costs the firm try to organize double-tour transport. Actually, the firm convey at every direction some goods/ products paper and cardboard to their buyers, and raw materials for itself on return. Purchasing of raw material is also limited by financial situation of the firm.



Utilities

They already have installed all infrastructure which is necessary for the production process, in factory area, and all of them are connected in technological line. The firm has power station equipped with above mentioned equipment, providing electrical energy, and there is no risk to be in deficit of energy. They also have process-water station of capacity that overcome their necessity for water.

Major Vendors: Payables and Payments

Name	Supplier of	% of Total Purchases
SURPACK-Slovakia	Cellulose	70%
Rusia	Cellulose	10%
Bulgary	Cellulose	10%
Ukrajina	Cellulose	10%
D.O.OBNOVA-Zenica	Waste-paper	50%
Coal-mine Tuzla	Coal	50%
Coal-mine Zenica	Coal	50%

Discussion:

Due to problems with rail-transport, the company expects that the cost of transport (road transport) of raw-material will seriously increase it's price.

Description of Business and Factory Premises; Their Adequacy. Expansion Plans (if any)

Facility, technological equipment, and utility premises (power station and water providing station) are within the same area. Technological equipment is in good condition, due to last two reconstruction's done by factory in 19980 and 1990.

For producing electrical energy the firm has equipment as follows: kettle (coal), two electrical generators, and installation that belongs to power station. Although the equipment was produced in 1953 by the German producer "Simens-Schucker", all of the equipment is in good condition.

The firm has water station for providing process water of capacity that overcomes necessity for paper producing process.

For producing their products paper and cardboard the factory has machines as follows:

1. Waste-paper line, made by "Beloit" in 1971, is of capacity 150 tons/day.
2. Paper machine/PM-3, made by "ER-WE-PA" in 1962 and reconstructed in 1984, is of capacity 25 tons/day. For producing paper on this machine as a main raw material are used cellulose fibers. On this machine are produced following kinds of paper such as are: "Fluting" 112 gr/m<sup>2</sup>, "Srenc" 120gr/m<sup>2</sup>, and "JSG-OPN" 100-120 gr/m<sup>2</sup>.
3. Paper machine/PM-5, made by "Karlstad" in 1985, is of capacity 25-30 tons/day. For producing paper on this machine as a main raw material are used waste-paper fibers. This machine is used for producing various kinds of papers as follows: "JSG" 40 gr, 60 gr, 80 gr, 100 gr, 120 gr/m<sup>2</sup>, "JSG-OPN" 50 gr, 70 gr, 90 gr/m<sup>2</sup>, "NKL" 120 gr, 150 gr/m<sup>2</sup>, Crape-paper 70 gr, 100 gr, 120 gr/m<sup>2</sup>.
4. Machine for producing corrugated cardboard, made by "Konrad-Strobl" in 1965 and reconstructed in 1980, is of capacity 24 tons/day.

The factory premises are in Maglaj, F/BH. All infrastructure, energy and production facilities are within one area. The firm does not intend any extension of the facilities in near future.

Labor Supply: Adequacy, Skills Needed & Training

NATRON is the largest employer in Maglaj municipality. Over the past 45 years of operations the firm has been able to attract high caliber engineers and skilled technological workers. As noted before, the dislocation caused by civil strife and war in BiH has forced the firm to reduce its labour force in past five years. Most of the workers are eager to return to the firm and resume their jobs. The factory has a good qualification structure of the employees, but for the activities planned by this program, they will need them to be retrained including computer and marketing skills.

Hiring Plans (specify numbers, timing, category)

Estimated breakdown of new employees:

Total	254
Demobilized (male) soldiers	170
Women	84
Refugees	
Former employees not included above	
Others	

Discussion:

At the present time the firm has 2,080 employees in the books, of the total 661 employees are currently considered full time workers. In 1995 only 358 employees were at work and its average net salary for work full time was only 15 DM. In 1996 in order to restart production of paper and corrugated cardboard the firm selected working force, looking after high skilled and hard working ones, and employed a total of 661 employees and its average net salary is projected to be for the 1996 in amount of 211 DM.

With this project the firm will bring back at full time job 254 employees currently at home, at net salary level of DM/monthly 217. Therefore, employment will total 915, sufficient for the firm's future operations planned by this program

The balance of 1,165 employees still remain at home, and at this moment it is difficult to estimate when Natron will be able to bring back them at full time job.

Costs and Pricing: Planned Adjustments

The firm's previous business strategy was monopoly-priced paper and cardboard products, as they were the greatest producer of paper, and the only producer of Natron-paper at the local market and Balkan area. Due to state protection measures/ quotas and high custom duties on imported paper products they could sell their products under higher prices. As the firm was isolated during the war it lost their previous market in Ex-Yugo, where they exported more than 81% of sales. At the present time the firm intends to regain their old customers by reducing prices and providing better terms of payment. At the local market it is being done easily, because of high transport costs and custom duties for imported paper, but at the foreign market they expect more problems have to be solved such as: design, package, diversification of producing program.

**V. FINANCIAL ISSUES**Discussion of "NonPerforming" Balance Sheet Items (if any):

- *Old Long Term Debt:*

The firm has 37 long term loans in total amount of DM39,288,000. The loans has been used in 1983 for reconstruction of old producing line and for purchasing of environmental equipment. All of these loans are from foreign sources disbursed through banks from Former Yugoslavia, and the firm is not repaying loans and interest. The firm's last repayment was on 30/03/92 These obligation currently remains unresolved and subject to future political settlement.

- *Old / Uncollectible Receivables:*

There are three groups of uncollectable receivables on 30/06/1996.

-Pre-war time receivable are in amount of DM 938,611, for the goods delivered to ex-yu buyers, and the firm does not expect to collect them in near future.

-War-time receivable are in amount of DM 3,058,789, and the firm is not sure about possibility of collecting them in the following years. War time the company delivered goods to BH Army, and for supporting citizens of Maglaj municipality.

-Receivable from current operations are in amount of DM 1,500,000. Part of this receivable the firm has already collected, but collecting the rest of receivable will be difficult because of buyers' financial problems.

- *Old Payables:*

The firm's payable are in amount of DM 1,234,990, for goods received from ex-Yu suppliers, and the firm is not going to pay for this amount in the near term.

- *Old / Un-usable Inventory:*

On 06/30/1996 the firm's finished goods inventory stand at DM 13,696,260. Out of this amount only DM 800,000 of pre-war produced paper, could be used for further production process. The rest of the goods in amount of DM 12,896,260, are pre-war produced goods, which are worthless. These products were inappropriately kept and ruined by the moisture during the war. The accounting system and law determine statements of this amount in the balance sheet. The inventory of raw material are useless too, because it is inappropriate for the production of paper. They need cellulose for production, but on their stocks they have coal, fuel, chemicals.

- *Fixed Assets:*

The fixed assets of the company far exceed the current production requirements. Thus the depreciation expense is a significant expense burden in the operating statement total, 35% of sales. During the privatization process, the company will segregate these fixed assets into passive, neutral and active categories. This will help to reduce the depreciation expense, however, it is still expected to be very high given that the company will be operating at 10% capacity.

Credit History:

CREDIT HISTORY						
Please list all current debt and all loans repaid during the past five years.						
Lender	Loan Amount DM	Date Borrowed	Date Repaid	Use of Funds	Collateral	Guarantor
Privredna banka Sarajevo*	50,000	24/09/1996	14/10/1996	Working capital-Salary		
Municipality * Maglaj	10,000	23/09/1996	27/09/1996	Salary		
	20,000	17/10/1996	18/10/96 & 21/10/96	Salary		
	10,000	26/12/1996	06/01/1997	Salary		
Privredna banka Sarajevo	60,000	23/10/1996	14/11/1996	Salary		
Privredna banka Sarajevo	100,000	20/11/1996	18/12/1996	Salary		
Privredna banka Sarajevo	100,000	23/12/1996	23/01/1997	Salary		

\*Note 1. The firm uses short term loans from Sarajevska banka for working capital (salaries) at annual interest rate of 30 % and 30 days repayment. As of 12/31/96, there are two loans totaling DM 110,000, and the repayment date for both loans is in January 1997.

## V. RISK ASSESSMENT

- Market:

The local market for Natron's products comprising of various branches of industries especially: furniture producers, consumer goods producers, cigarettes producers, concrete producers, and of producers of whatever kind of products that have to be packaged. As these branches of industries will expand their business activities, Natron will follow their necessities for packaging material. With gradual revival of the local economy, demand from the domestic customers is likely to grow stronger. The speed at which NATRON will be able to return to pre-war level of business is difficult to estimate at this time. However, it is certain that, the firm, being the only producer of paper and cardboard package, will be sought after by the numerous industrial and other organizations in F/BH, as they restart or expand their productive capacities.

At the foreign market Natron could achieve certain results only if it's products would be of high level of quality and of the competitive price. Only with restarting of it's own pulp production for what this firm has capacity, their products could be produced and sold at competitive prices.

- Management

All key managers of the firm have extensive experience in the industry (see attached CVs). Each of them has worked in various capacities and with growing responsibilities at the firm. Their cumulative knowledge in various aspects of the firm's business, is extensive.

- Technology

The technology employed by NATRON relates to production of pulp, paper, and corrugated cardboard. The company's technical facilities are about 20-30 years old, but still in good condition, due to last two reconstruction's done by factory in 1980 and 1990.

- Labor Supply:

As discussed earlier, the firm has built up a pool of highly trained technical workers with experience in paper and cardboard production, and in marketing and in selling of their products. No difficulties are expected in attracting workers in future.

- Materials Supply:

Material used for production of paper/pulp is imported from suppliers in Slovakia, with whom the firm has long working relationship. Substitution by using locally produced material is possible if the firm start to produce pulp by itself, but for restarting production of pulp they need more money then could be provide by BRFF funds.

- Finance:

With the availability of working capital at a reasonable cost, the firm will be able to expand paper production in this year and build up its working capital base that has been severely depleted during war years. Although the firm does not ask money for capital investments, it does not mean that they don't need them.

## VI. OTHER ISSUES

### Environmental Compliance

The factory was reconstructed and modernized in 1990, and with this reconstruction major of environmental problems were solved too. Restarting process of production, also the environmental equipment will be put in function. Therefore, the production planed to be restarted with this project will not have any bad environmental impact.

### Health or Safety Hazards Issues

After the great reconstruction of the firm, no bad impact will be on worker's health.

### Regulatory Restrictions (Domestic trade or Exports)

There are no restrictions at the local market in selling these products, but some restrictions/ quotas, custom duties/ could be expected at the foreign market.

Other Risks/Issues:

As a Note to the financial model done by the BBAC it is very important to underline that participation of amortization in total sales for 1997 is more then 50%. There are two reasons. The first one is low level of capacity's using, and the second one is calculating system of amortization, where the firm must calculate amortization also on fixed assets who are not included in production process. Therefore Natron must calculate amortization on some assets like (stadium, one part of the road which connect factory and Municipality). When we adjust all of these assets who are actually not included in production process we provide more realistic picture of Natron's business. Please, follow next table:

Asset Description	(DM) Gross Asset Value As Of 30/06/96	(DM) Accumulated Depreciation As Of 30/06/96	(DM) Net Book Value AS Of 30/06/96	(DM) Depreciation Expense (Monthly)	(DM) Depreciation Expense (Annual)
Facilities/total	280,027,261	127,447,161	152,580,100	686,000	8,234,000
Equipment/total	580,719,977	529,089,896	51,630,081	488,000	5,854,000
<b>TOTAL</b>	<b>860,747,238</b>	<b>656,537,057</b>	<b>204,210,181</b>	<b>1,174,000</b>	<b>14,088,000</b>
<b>Fixed Assets Included In Production</b>					
Facilities	107,635,820	48,995,820	58,640,000	489,000	5,868,000
Equipment	290,960,830	265,093,830	25,867,000	216,000	2,592,000
<b>TOTAL</b>	<b>398,596,650</b>	<b>314,089,650</b>	<b>84,507,000</b>	<b>705,000</b>	<b>8,460,000</b>

"MONTHLY SALES GRAPHIC PRESENTATION", Page 24 of Natron'S business plan shows monthly sales in tons, percentages and value. It also shows contents of finished products, sales, domestic sales, and export. In order to explain graphic presentation of the Natron's realization of the paper we are noting as follows: The firm is presenting three kinds of their sales output. The first one is sales of paper on domestic market and it's abbreviation is DT, the second one is sales of paper on export market and abbreviation is ST, and the third one is realization of the paper within factory/ using paper as a raw material for producing corrugated cardboard, and it's abbreviation is VP.

## Production schedule by year:

Product	1995 Units/Unit cost	1996 Units/Unit cost	1997 Units/Unit cost
Paper (kg)	122.000 0,33 DM/kg	691.000 0,67 DM/kg	14.784.000 0,77 DM/kg
Cardboard package (kg)	863.000 0,81 DM/kg	2.080.000 1,37 DM/kg	8.040.000 1,13 DM/kg
Bags (pieces)	1.485.000 0,22 DM/kg	4.495.000 0,42 DM/kg	5.376.000 0,68 DM/kg

THE INFORMATION CONTAINED IN THIS PROFILE WAS DEVELOPED BY THE BOSNIA BUSINESS ASSISTANCE CENTER FROM CONVERSATIONS WITH MANAGEMENT OF THE COMPANY REPORTED IN THIS DOCUMENT, A REVIEW OF RECORDS AND DOCUMENTATION PROVIDED BY THE COMPANY AND OR CONVERSATIONS WITH THEIR BANKERS. THE INFORMATION CONTAINED IN THIS PROFILE IS A BEST EFFORTS COMPILATION UNDERTAKEN WITHOUT AUDIT AND IS SUBMITTED IN GOOD FAITH BUT WITHOUT RESPONSIBILITY ON BEHALF OF THE BOSNIA BUSINESS ASSISTANCE CENTER OR ITS CONSULTANTS AS TO THE VERACITY OF STATEMENTS MADE BY THE COMPANY'S MANAGEMENT AND REPORTED IN THIS DOCUMENT.

**USAID - SARAJEVO**

**BOSNIA BUSINESS ASSISTANCE CENTER**

***Loan Application Package***

**BUSINESS PLAN**



#### A 4. SODASO社関連資料



## OFFICE MEMORANDUM

DATE: November 13, 1996

TO: Messrs. Peter Glenshaw (IENIM); Khosrow Zamani (CEMD1)

FROM: Donald Brown, Consultant

EXTENSION: 32429, Room G2-053

SUBJECT: BOSNIA & HERZEGOVINA - Potential Industrial Projects

1. The purpose of this note is to assist you in IFC's project identification mission to Bosnia in late November. The information is extracted from my draft report based on my trip to Bosnia in October 1996. The full draft report will be ready by the end of November, but I may need to revisit the future work program recommendations after your return, depending on the scope of IFC's proposed work program. (Peter, my mission to China is delayed until the second half of January, so I will need comments back from you and TDA by mid December, so that I can complete my final report by end December.)

2. A summary of the potential project components is given in the attached tables indicating those that might be suitable under the Bank's PRGF and a longer list that could be considered by IFC (The longer list includes the PRGF list). Beyond these lists are several additional projects both in the Tuzla enterprises and elsewhere in Bosnia that would appear more likely to materialize in the medium to longer term but will require substantial and very critical work before they could be seriously proposed for support. This latter group include the steel and aluminum industries that might be able to restart a portion of their facilities (but I did not cover this latter list in my recent mission) Coke production, TDI and NH<sub>3</sub> production also fall in this category.

3. While the PRGF is highly likely to be a valuable tool for Bosnia, its size and design will keep it from making a significant contribution to resuscitation of the two Tuzla enterprises. As Peter indicated, the PRGF would target, at most, one component each from KHK and SODASO. The main limitations are:

- (1) PRGF does not directly provide financing;
- (2) its size will keep it from reaching medium sized projects; and
- (3) it cannot put too much support into any one region

4. A fair assumption would be for the IFC exercise to complement the PRGF but also to extend coverage to larger operations as well as provide an additional catalyst for attracting other foreign sources of financing.

# BOSNIA & HERZEGOVINA

## Industrial Re-Start Program in Tuzia Region

Table 2: High Priority Components for Early Implementation

Company /Component	Output (tpr)		Raw Material	Capital Required (DM million)		Partners	Comments
	Full	Initial		Invest.	W. Capital		
<u>XCHK</u>							
Refined Tar	50,000	30,000	Crude Tar	2.2	1.0	3.2	(?)
Fertilizer (CAN)	90,000	30 - 45,000 /l		0.5	2.5	3.0	(French)
Maleic Anhydride	10,000	5,000	Benzene	1.0	1.0	2.0	(Chellit)
<u>SODOSO Holding</u>							
Salt Mine	250,000	80,000 /l		10.0	2.0 /l	12.0	
Salt Works	250,000	80,000 /l	Salt	2.0	2.5 /l	4.5	
Dita /Detergents	56,000	28,000	Various	1.2	1.3 /l	2.5	
Soda Ash	200,000	120,000	Salt /Limestone	4.5	5.0	9.5	
Soda Ash (limestone)	1,000,000	500,000 /l	Limestone	1.0	0.5 /l	1.5	
<u>Longer Range Prospects for Implementation</u>							
Coke	700,000	350,000	Coking Coal	10.0	15.0	25.0	(?)
Polyols (Polifthen)	23,000	10,000	Chlorine	8.0	4.0	12.0	Several prospects
							Plus other products

/l Mission estimates.

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# BOSNIA & HERZEGOVINA

## Industrial Re-Start Program in Tuzla Region

**Table 1: Potential Components for PRGF**

Company /Component	Full	Output, tpy		Raw Material	Capital Required (DM. million)			Partners	Comments
			Initial		Invst.	W. Capital	Total		
KFK A									
Refined Tar	50,000		30,000	Crude Tar	2.2	1.0	3.2	(?)	
Fertilizer (CAN)	90,000		30 - 45,000	NHD	0.5	2.5	3.0	(French)	
Maleic Anhydride	10,000		5,000	Benzene	1.0	1.0	2.0	(Chellit)	
SODOSO Holding									
Salt Works	250,000		80,000	Salt	2.0	2.5	4.5	(?)	
Dita /Detergents	56,000		28,000	Various	1.2	1.3	2.5	(?)	
Soda Ash (limestone)	1,000,000		500,000	Limestone	1.0	0.5	1.5	(?)	Local market

1 Assume coke production does not start immediately.  
2 Mission estimates.

DBrownms (11/13/96)  
(mibosnia/brown1.doc)

5. For the two Tuzla enterprises - SODASO HOLDING and KHK - the overwhelming need is for short/medium term financing for permanent working capital plus some equipment replacement. For the high priority components very little additional feasibility work is needed. In most cases, further project level work is limited to a financial analysis of viability at low operating rates, considering the main constraints of rail transport and markets; and the preparation of well documented project profiles that could be used as the basis for attracting potential foreign participants.

6. However, if an aggregate approach is considered then a delivery mechanism for such funding would be needed and that preparation work would likely take considerably more effort and possibly more risk.

7. Limiting the short term financing to those components that could be considered high return, low risk then the level of high priority financing needs of the two enterprises would be on the order of :

KHK	DM 10-12 million
SODASO	DM 15-20 million

as shown in the attached tables.

8. Preparation work should optimize the use of local resources; within the enterprises themselves who are generally competent, local consultants and by using the resources of Bosnia Business Assistance Center (BBAC), a Sarajevo based entity funded by USAID. The additional work would expand the scope of BBAC's current work program, but I believe if they had additional funding support they would be quite willing to take on more activities. I suggest that you contact David King at BBAC at 665 - 770 during your stay in Sarajevo to explore this option.

#### Attachment

cc: Messrs. P. van der Veen, G. Thompson  
Ms. Ann Lien (USTDA, Washington, D.C.)  
ECA ISC, IENIM Files, IFC Information Center

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BOSNIA AND HERZEGOVINA  
FEDERATION OF BOSNIA AND HERZEGOVINA  
TUZLA - PODRINJE CANTON  
Ministry of Reconstruction, Development and Enterprise

# TUZLA - PODRINJE CANTON

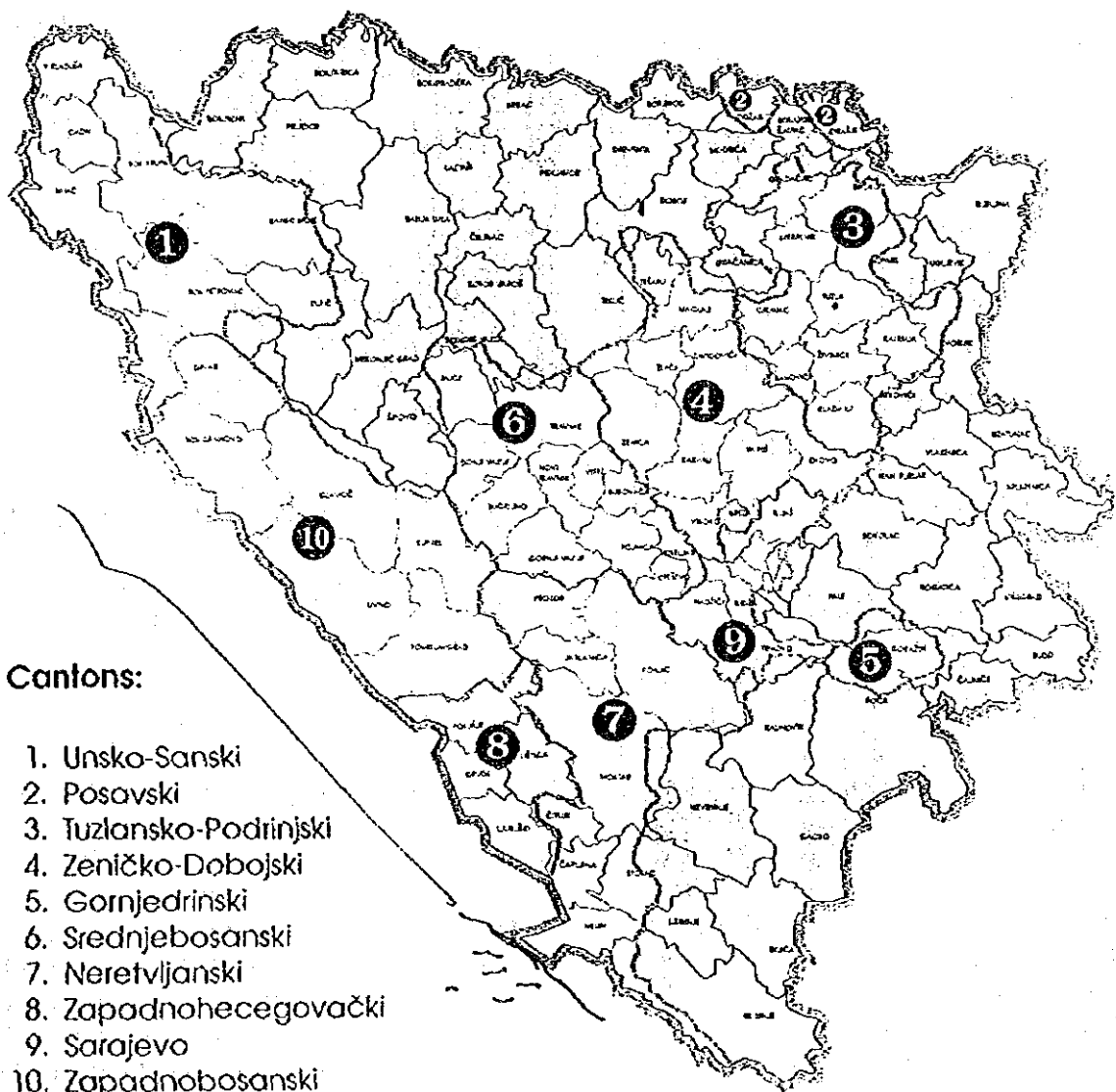
*(PRIMARY INFORMATION)*

Tuzla, May 1997

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## **TUZLA - PODRINJE CANTON** *(primary information)*

### **INTRODUCTION**

With Dayton Agreement was established Federation of Bosnia and Herzegovina internal organization of 10 cantons.

Tuzla-Podrinje Canton covers the area of North-Eastern Bosnia and Herzegovina and is one of the biggest cantons in Bosnia and Herzegovina.

Tuzla-Podrinje Canton is one of the most important economic centers in Bosnia and Herzegovina. Development carriers so far were mining, energy, chemical industry, wood processing accompanied by other industrial branches.

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Necessary and possible level of exploitation and finalization of significant raw materials resources in the Canton, the basis of an earlier development, was not reached as final producers by now realized 42% of industry communal product.

The Canton economy employs around 42.000 people, currently working 25.000 people (60%).

### **1. CURRENT SITUATION AND POTENTIALS OF TUZLA-PODRINJE CANTON ECONOMY**

Current situation in the economy is as following:

#### **1.1. MINING INDUSTRY AND ENERGY**

Installed capacities in TE Tuzla are 784 MW, and utilization of capacities in the last year was around 17%. For revitalization of machinery is needed to provide 61.578.150 DM.

Before the war, output from mines was around 9.000.000 tons annually, 5.600.000 t of lignite and 3.400.000 t of dark coals. In 1996 was realized production of 1.413.170 tons and plan for this year is around 2.800.000 tons. Number of employees is 11.100, currently working 6.300. Means required for re-structuring the production are 70.000.000 DM. Rock-salt production before the war was moving up to 150.000 tons per year and salt-water 2.500.000 m<sup>3</sup>/per year, while in 1996 was realized 11.360 tons of rock-salt and 66.516 m<sup>3</sup> of salt water. Means required for operating new mine "Tetima" are around 12.400.000 DM and would solve ecological problems of Tuzla city.

#### **1.2. CHEMICAL INDUSTRY**

The Canton chemical industry is of a base character, developed on the basis of raw material resources in this region (coal, salt, quartz sand, limestone...) and is therefore our technical and technological term of reference, not only because of hundred-year old tradition and developed

technical profile and science teaching infrastructure, but because of strategically important products demanded by world market. Two large systems are in this industry: Holding "Soda-So" and "Koksno-hemijski kombinat" Lukavac (KHK).

*Holding "Soda-So"* employs around 4.100 people, currently working around 50% and utilization of capacities in 1996 was around 5%. Before the war 90% of production was produced for foreign market (salt, Polyurethane, Chlorine, Hcl, TDI, detergents etc.). Means required for re-operating are 25.000.000 DM.

*KHK* capacities were 1.500.000 tons per year of coke with by-products of coke: coke gas, petrol, tar, AMK, KAN etc. It employs around 2.250 people, currently working 550. Total re-operating requires around 17.500.000 DM, market placing provided. For re-operating is also essential to provide safe railway transport.

### **1.3. WOOD-PROCESSING INDUSTRY**

Developed in most municipalities of Tuzla-Podrinje Canton where 42% of areas is wood. Before the war, most of these companies were also exporting abroad. Utilization of capacities in 1996 was around 30%. In this year is employed around 3.100, currently working around 80%. Most companies require modernization of their equipments.

### **1.4. METAL AND ELECTRICAL INDUSTRY**

The companies in this branch are represented in all Cantonal municipalities. Most of them have marketed their products for needs of mining, energy, chemical industry, civil engineering and part was marketed for export. In this branch is employed around 5.150 people, currently working 68%. Utilization of capacities differs from company to company from 10-80%. The condition for production growth is re-operating big systems and modernization of production equipments.

### **1.5. CONSTRUCTION MATERIALS INDUSTRY AND CIVIL ENGINEERING**

Sufficient reserves were determined in the Cantonal regions upon which capacities were built for production of construction material (cement, siporex, bricks tiles, concrete blocks, marble and asbestos threads). Utilization of capacities in 1996 was around 50%, and active employment around 70%. Total number of employed is 4.400 people. The condition for growth of capacity utilization is export to the international market.

### **1.6. FOOTWEAR AND TEXTILE INDUSTRY**

The companies in this branch are represented in most of Cantonal municipalities. Before the war, most of these companies were working for export and continued so but in a smaller scale. In this branch is employed around 5.800 people, currently working 71%. Utilization of capacities is around 50%. existing factories should be modernized with new technology, and adjusted to new trend of world wide fashion and market needs.

## 1.7. AGRICULTURE

Tuzla-Podrinje Canton has 34% of total Federation agricultural land. According to statistics from 1996, Tuzla-Podrinje Canton disposes with around 286 902 ha. of land. Out of that, 140 h i.e. 49% is agricultural land, and of that land, 130 518 ha i.e. 93% is cultivated while 7% i.e. 9622 are grasslands, ponds and reeds.

Out of total cultivated land on TPC around 90% is in a private ownership and 10% in a state property, and are mostly areas of agricultural co-operatives (ZZ) and socially owned farms (PD). Socially owned farms (PD) existing on this Canton are: PD "Spreca" Kalesija with total agricultural land of 4500 ha and milch cows farm capacity 1300 cows of Holstein breed, PD "Posavina" with total land of 2700 ha. Significant quantities of industrial forage crops (wheat, corn, oats, barley, soya beans, sunflower, oil rape, lucern, etc.) are produced on the properties of these socially owned farms. There are 33 agricultural co-operatives existing in TPC, so each Cantonal municipality has between 1-3 agr. cooperatives (ZZ). Out of total number of ZZ, 9 of them are owners of agricultural land that varies between 5-240 ha. Number of employees in ZZs is between 8-170 full time employees. Average crops are slightly smaller than on the areas of socially owned farms. Fruit seed-plot in Srebrenik disposes with the area of 30 ha where every year is produced between 80 000 and 250 000 various fruit seedlings. The laboratory for production of Frigo seed material will soon start functioning.

Favorable credits for purchasing of breeding cattle, agricultural mechanization, construction of mini farm objects for fattening of heifers, milch cows and layer chicken should keep its continuity.

## 1.8. COMMUNICATIONS

Tuzla-Podrinje Canton has relatively favorable communication component. A few important main highways are through Tuzla - Podrinje Canton connecting this part of Bosnia and Herzegovina with neighbouring cantons in Federation. The center of Tuzla-Podrinje Canton is connected with all Cantonal municipal centers. Tuzla being economic, cultural and administrative Cantonal center is linked with West through the highway Tuzla-Doboj, towards North by the highway Tuzla-Zupanja where joins to the motor way Zagreb- Beograd, towards East by the highway Tuzla-Bijeljina-Zvornik -Beograd and towards south by the highway Tuzla - Sarajevo.

Railway network is comprised of two main directions: Tuzla-Brcko-Vinkovci and Tuzla-Doboj. Railway traffic is not operating due to present circumstances in Bosnia and Hercegovina. Highest priority for repair is highway Ormanica-Gradacac which is Federation boarder towards Bosanski Samac, 20 km long where 10 km requires repair (new coat of tarmac) as well as travel direction Gracanica-Bukva 7 km long, where 5 km requires repair and 2 km reconstruction.

Modern airport completes entire picture of Cantonal traveling communications. Right now, this object is managed by SFOR. Efforts of Government and Cantonal authorities are aimed towards opening of airport for civil flights. For a communication sector, this is the project of highest priority and requires international financial and other support.

## 1.9. OTHER BRANCHES

Apart from these branches, represented industries in this area are: paper and graphical industry and industry of rubber and plastics that are mostly producing for domestic markets.

## 1.10. PRIORITY PROJECTS FOR INVESTMENTS

1.	TUZLA COAL MINES	programme of measures and arrangements for accepting demobilized BiH forces soldiers		
FOOTWEAR AND TEXTILE INDUSTRY				
1.	DD AIDA TUZLA	Factory reconstruction on basis of existing capacities		
METAL AND ELECTRICAL INDUSTRY				
1.	DOO HELIOS BANOVICI	Production of electrical-gas ranges		
2.	DD "Unis-Tesla" Breko	Production of lead battery		
3.	DD "Ranout-montaza" Tuzla	Project of raising means for the production of products from steel casting		
4.	DD "TMD" GRADACAC	programme of motor part production		
5.	DJL "Vodo-iss" Tuzla	investment programme of casting plant construction with electro-plate drive		
RUBBER AND PLASTIC INDUSTRY				
1.	DD Plastik Kalesija	Production of shaped parts and plastic mass pipes		
CIVIL ENGINEERING				
2.	DJL "Ovis-god" Godus, Sapna	Capacity building for production of rock units		

## 2. EDUCATION

TPC education system was fully functioning during the war. Schools were operating in very hard conditions. Most of the educational institutions are damaged, some of them destroyed and out of operation, and very small number is fully preserved (Srebrenik municipality and partly Tuzla). Right now, the work is being done on reconstruction and repair.

During the war, old system of education has been replaced by new system especially in secondary schools (higher education). Following schools are working according to new system:

grammar school	technical and similar schools	skill orientated school	art school	teaching school	religion school
9	23	25	1	1	1

## EDUCATION NUMERICAL INDICATORS

	NUMBER OF INSTITUTIONS	PUPILS STUDENTS	TEACHERS PROFESSORS
Pre-school institutions	9	2234	245
Primary schools	88	64805	2908
Secondary schools	36	23038	1405
Universities	7	5720	550
TOTAL	1592	95797	5108

There are seven faculties operating at Tuzla university: philosophical faculty, special-education faculty, faculty of electric and machine engineering, mine-geological faculty, medical faculty, economy faculty and technology faculty.

### 3. CONCLUSION

*Therefore, it can be concluded that the Canton economy can be revitalized and some of its segments can start functioning with a provision of a few factors: free and safe communications, working capital, expert and quality personnel. Capacities of economy subjects and development strategy for particular branches should be defined as production in many branches exceed our needs i.e. the largest parts of products has to be placed on international market. The country has to provide suitable environment for accelerating the process of ownership also essential condition for input of international capital able to start the production.*

## **LITERATURE:**

1. Population of Bosnia and Herzegovina - National structure in inhabited areas; - State Statistic Bureau Zagreb 1995
2. Collection of papers - Tuzla-Podrinje Canton Development Strategy , - Tuzla 1996
3. Internal documentation Ministry of Reconstruction, development and Enterprise

## **LIST OF ANNEXES**

- 1. A tabular overview of priority investments in Tuzla - Podrinje Canton municipalities from 1 - 12**



## **TUZLA - PODRINJE CANTON**

*(primary information)*

### **INTRODUCTION**

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**BOSNIA AND HERZEGOVINA**  
**FEDERATION OF BOSNIA AND HERZEGOVINA**  
**TUZLA - PODRINJE CANTON**

<b>MUNICIPALITY</b>	<b>BRČKO</b>
Organization form (Secretariat, Bureau, Sector, sim.)	Secretariat of development and reconstruction
Responsible	Hajrudin Jusufović
Number of employees and qualification	12 - Employees; 6 Higher school; 6 Secondary school
Telephone / Fax	076/380-279, 076/380-274 fax 075/380-286

<b>EQUIPMENT</b>	
Premises m2	37m2
Computer	Yes
Other equipment	Office furniture; 2 Office cars

CURRENT PROBLEMS - INVESTMENT PRIORITIES			
No.	SECTOR	(E)xisting - (N)ew firms in DEM	
INDUSTRY AND ENTERPRISE			
1.	DP "Tesla" (equipment and working capital)	E	477.300
2.	DP "Bimeks" (equipment and working capital)	E	570.000
3.	JP "Šumarija" (seedling and working capital)	E	150.000
4.	DP "Biljana" (equipment for production of eteric oils)	N	98.000
5.	DJL "Oglavina" (production of padded furniture, equipment and working capital)	N	807.000
EDUCATION			
1.	Repair of Primary school Omerbegovača	E	135.000
2.	Izgradnja of Primary school Maoča	N	280.000
3.	Repair of Primary school Brod	E	60.000
4.	Repair of Primary school Bukvik	E	57.338
HEALTH			
1.	Ambulance Prutače	N	66.409
2.	Ambulance Brka	N	66.409
3.	Ambulance Omerbegovača	N	66.409
4.	Ambulance Brod	N	66.409
5.	Ambulance Palanka	N	66.409
INFRASTRUCTURE			
1.	Electrification of Brod, Omerbegovača, Dizdaruša, Star Rasadnik	E	485.000
2.	Road: Brka-Brod, Palanka-Dizdaruša, G.Rahić-G.Zovik-Šatorov.	E	227.655
3.	Road: Maoča-Rašljani, Brod-Rijeke	E	176.642
4.	Water - supply: Šatorovići, Cerik	N	230.000
5.	Waste deposit	N	1.000.000
OTHER SECTORS			
1.	Housing Project 6.500 houses	N	98.266.000
2.	Local Community Building: G.Rahić (E), Maoča (E), Brod (E), Omerbegovača (E), Šatorovići (N), Cerik (N)		600.000
3.	Sewage system: Maoča-Rahić-Brka	N	1.500.000
	TOTAL:		102.951.980

**BOSNIA AND HERZEGOVINA**  
**FEDERATION OF BOSNIA AND HERZEGOVINA**  
**TUZLA - PODRINJE CANTON**

<b>MUNICIPALITY</b>	<b>BRČKO</b>
<b>Organization form</b> (Secretariat, Bureau, Sector, sim.)	<b>Secretariat of development and reconstruction</b>
<b>Responsible</b>	<b>Hajrudin Jusufović</b>
<b>Number of employees and qualification</b>	<b>12 - Employees; 6 Higher school; 6 Secondary school</b>
<b>Telephone / Fax</b>	<b>076/380-279, 076/380-274 fax 075/380-286</b>

<b>EQUIPMENT</b>	
<b>Premises m2</b>	<b>37m2</b>
<b>Computer</b>	<b>Yes</b>
<b>Other equipment</b>	<b>Office furniture; 2 Office cars</b>

CURRENT PROBLEMS - INVESTMENT PRIORITIES			
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INDUSTRY AND ENTERPRISE			
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3.	Road: Maoča-Rašljani, Brod-Rijeke	E	176.642
4.	Water - supply: Šatorovići, Cerik	N	230.000
5.	Waste deposit	N	1.000.000
OTHER SECTORS			
1.	Housing Project 6.500 houses	N	98.266.000
2.	Local Community Building: G.Rahić (E), Maoča (E), Brod (E), Omerbegovača (E), Šatorovići (N), Cerik (N)		600.000
3.	Sewage system: Maoča-Rahić-Brka	N	1.500.000
	TOTAL:		102.951.980

**BOSNIA AND HERZEGOVINA  
FEDERATION OF BOSNIA AND HERZEGOVINA  
TUZLA - PODRINJE CANTON**

<b>MUNICIPALITY</b>	<b>ČELIĆ</b>
Organization form (Secretariat, Bureau, Sector, sim.)	Secretariat for reconstruction, development, town- planning and housing affairs
Responsible	Grabus Ejub
Number of employees and qualification	8 - Employees - Adequate structure
Telephone / Fax	660-455

<b>EQUIPMENT</b>	
Premises m2	36 m2
Computer	-
Other equipment	Badly equipped

CURRENT PROBLEMS - INVESTMENT PRIORITIES			
No.	SECTOR	(E)xisting - (N)ew firms in DEM	
INDUSTRY AND ENTERPRISE			
1.	FRIGOS - Čelić (equipment and working capital)	E	5.000.000
2.	ZZ "Poljopromet" - Čelić (equipment and working capital)	E	1.000.000
3.	Individual Agricultural Producers (more private producers)	E	1.000.000
4.			
5.			
EDUCATION			
1.	Repair of Secondary school	E	112.842
2.	Repair of Primary school - Vražići	E	98.400
3.	Repair of Regional school - Brojik	E	54.241
4.	Regional school - Drijenča	E	56.605
5.	Regional school - V.Selo	E	95.426
HEALTH			
1.	Problem lack of essential equipments, (All ambulances in Čelić)	E	3.000.000
2.	Emergency Aid (finalisation works)	E	63.000
3.	Central heating of Ambulances: Humci, Šibošnica, Vražići	N	120.000
INFRASTRUCTURE			
1.	Reconstruction of roads: Čelić-Šibošnica-Drijenča-Tuzla Čelić-Humci-Previle-Tuzla Čelić-Vražići-Rahić	E	3.000.000
2.	Water-supply: Čelić (E), Ratkovići (N), Humci (N), Šibošnica (N)		5.450.000
3.	Sewage: Čelić (E), Vražići (N), Ratkovići (N), Humci (N)		4.800.000
4.			
5.			
OTHER SECTORS			
1.	Repair of individual houses	E	15.579.425
2.	Repair of Apartments in state property - for professional persons	E	1.980.000
3.	Other buildings: Religious, Sports and Cultural	E	3.750.000
TOTAL:			45.159.939

**BOSNIA AND HERZEGOVINA  
FEDERATION OF BOSNIA AND HERZEGOVINA  
TUZLA - PODRINJE CANTON**

<b>MUNICIPALITY</b>	<b>GRADAČAC</b>
<b>Organization form</b> (Secretariat, Bureau, Sector, sim.)	<b>Secretariat of Economy and Communal affairs</b>
<b>Responsible</b>	<b>Šefik Duraković, secretary</b>
<b>Number of employees and qualification</b>	<b>15 - Employees: 9 Higher school; 6 Secondary school</b>
<b>Telephone / Fax</b>	<b>076/818-720 , fax 076/817-156</b>

<b>EQUIPMENT</b>	
<b>Premises m2</b>	
<b>Computer</b>	<b>PC 486</b>
<b>Other equipment</b>	

CURRENT PROBLEMS - INVESTMENT PRIORITIES			
No.	SECTOR	(E)isting - (N)ew firms in DEM	
INDUSTRY AND ENTERPRISE			
1.	"RIS-Sportnautik" d.o.o. Gradačac (working capital)	E	800.000
2.	"TMD" dd Gradačac (working capital)	E	650.000
3.	"Namještaj" (Furniture)DD Gradačac (working capital)	E	300.000
4.	Starting of production DJL "Gradačac-plet", "Baza" working capital	E	500.000
EDUCATION			
1.	Repair of four level school in Krčevina	E	100.000
2.	Repair of four level school in Biberovo polje	E	80.000
3.	Repair of four level school in Jelovče Selo	E	80.000
4.	Repair of four level school in Mahmut Mahala	E	80.000
5.	Repair of four level school in Zelinja S.	E	250.000
6.	Construction of Primary school in Krčevina	N	1.000.000
HEALTH			
1.	Repair "Dom Zdravlja (Public Health Building)" Gradačac	E	800.000
2.	Repair of Ambulance Zelinja D.	E	50.000
3.	Repair of Ambulance Alibašići	E	50.000
4.	Repair of SPA - JZU Banja "Ilidža" Gradačac	E	1.000.000
INFRASTRUCTURE			
1.	Sewage system around lakes Vida and Hazna	N	800.000
2.	Conservation of waste and new waste deposit opening	E	1.000.000
3.	Reconstruction of waste water filter - collector	E	500.000
4.	City lightening	E	150.000
5.	JP "Komunalac" (equipment) and boiler-house in u Potok mahali	N	1.500.000
6.	Town market (new location)	N	200.000
OTHER SECTORS			
1.	Housing	E	26.000.000
2.	Town - Kindergarten - repair	E	50.000
3.	Repair of regional road Gradačac-Ormaica	E	400.000
4.	Repair local roads and town streets	E	800.000
TOTAL:			35.640.000

**BOSNIA AND HERZEGOVINA  
FEDERATION OF BOSNIA AND HERZEGOVINA  
TUZLA - PODRINJE CANTON**

<b>MUNICIPALITY</b>	<b>GRAČANICA</b>
Organization form (Secretariat, Bureau, Sector, sim.)	Secretariat for environmental design and housing communal affairs
Responsible	Babrija Mehurić, Electrical Engineer
Number of employees and qualification	2 - Employees; 1 Civil Engineer, 1 civil technician
Telephone / Fax	075/786-040

<b>EQUIPMENT</b>	
Premises m2	10 m2
Computer	-
Other equipment	-

CURRENT PROBLEMS - INVESTMENT PRIORITIES			
No.	SECTOR	(Existing - (New firms in DEM	
INDUSTRY AND ENTERPRISE			
1.	DD "Grin" (graphic industry)		150.000
2.	"Grafopak" (paper industry)		286.000
3.	"Kokaprodukt" (broilers)		1.190.500
4.	ZZ "Gračanka" (agriculture)		468.300
5.	"Graplast" (Processing of plastic mass)		345.000
6.	MP "Fortuna" (leather gallantry)		2.100.000
7.	"Transport" (transport of goods and travelers)		532.000
8.	DD "Jadrina" (wood industry)		600.000
9.	DOO "Transport and mehanizacija"		71.600
10.	DD "Stočar" (agriculture)		1.506.049
EDUCATION			
1.	Sport Hall - G.Orahovica		1.596
HEALTH			
1.	Ambulance in Gornja Orahovica		1.000
2.	Ambulance in Donja Orahovica		7.000
3.	Ambulance in Stjepan Polje		7.000
4.	Ambulance in Malešićimi		3.000
INFRASTRUCTURE			
1.	Road R 460		320.000
2.	Finalisation of waterworks Gračanka		40.000
3.	Transmission line 10 kV Local Community Pribava		59.000
4.	TP "Alibegovići and TP "Nurkići" in Vranovića		98.000
5.	NV Network "Lendići I" and "Lendići II"		35.000
6.			
7.			
OTHER SECTORS			
1.	Waste deposit		236.248
TOTAL:			8.086.293

**BOSNIA AND HERZEGOVINA  
FEDERATION OF BOSNIA AND HERZEGOVINA  
TUZLA - PODRINJE CANTON**

<b>MUNICIPALITY</b>	<b>KALESIJA</b>
<b>Organization form</b> (Secretariat, Bureau, Sector, sim.)	<b>Sector</b>
<b>Responsible</b>	<b>Enver Agić, Electrical Engineer</b>
<b>Number of employees and qualification</b>	<b>1</b>
<b>Telephone / Fax</b>	<b>631-098 and 631-259</b>

<b>EQUIPMENT</b>	
<b>Premises m2</b>	
<b>Computer</b>	-
<b>Other equipment</b>	<b>2 tables and 10 chairs</b>

<b>CURRENT PROBLEMS - INVESTMENT PRIORITIES</b>		
<b>No.</b>	<b>SECTOR</b>	<b>(E)isting - (N)ew firms in DEM</b>
<b>INDUSTRY AND ENTERPRISE</b>		
1.	Recreation Centre Kalesija on Spreča	1.000.000
2.	Mini - farm Programme	
3.		
4.		
5.		
<b>EDUCATION</b>		
1.	School - Tojšići	700.000
2.	School - G. Rainci (Reconstruction of heating)	150.000
3.	School - Masle (Reconstruction of heating)	40.000
4.	Regional schools: Jajići, Zukići, Kadrići, Kalesija S.	600.000
5.		
<b>HEALTH</b>		
1.	Ambulance Seljublje	41.000
2.	Ambulance Tojšići	150.000
3.	Ambulance Vukovije	100.000
4.	Dom zdravlja ( Public Health Building ) Kalesija	100.000
5.		
<b>INFRASTRUCTURE</b>		
1.	Waterboard Kalesija (70% Municipality)	4.000.000
2.	Waterboard Zukići	100.000
3.	Sewage Kalesija town and Prnjavor	500.000
4.	Sewage Tojšići	200.000
5.	Sewage Memići	300.000
<b>OTHER SECTORS</b>		
1.	Kindergarten: Kalesija, Memići i Tojšići	500.000
2.		
3.		
	<b>TOTAL:</b>	<b>8.481.000</b>

**BOSNIA AND HERZEGOVINA  
FEDERATION OF BOSNIA AND HERZEGOVINA  
TUZLA - PODRINJE CANTON**

<b>MUNICIPALITY</b>	<b>KLADANJ</b>
Organization form (Secretariat, Bureau, Sector, inst.)	Secretariat Reconstruction and Development
Responsible	Mazalović Muhamed, Electrical Engineer
Number of employees and qualification	8 - Employees; 2 High school; 6 Secondary school
Telephone / Fax	075/621-779 ; fax 075/621-645

<b>EQUIPMENT</b>	
Premises m2	18 m2
Computer	PC 486, 80 Mz, 540 HDD, 8 RAM, Color
Other equipment	

CURRENT PROBLEMS - INVESTMENT PRIORITIES			
No.	SECTOR	(E)isting - (N)ew firms in DEM	
INDUSTRY AND ENTERPRISE			
1.	"Sokolina" Kladanj (production of parquet)	N	989.000
2.	"Vatrostalna" ( production of magnesium)	E	2.000.000
3.	"Hidrotehnika" Kladanj (working capital)	E	600.000
4.	"Progres" Kladanj ( basic means )	E	151.000
5.	DD "Konjuh" (reconstruction buildings in tourism)	E	700.000
6.	DD "Polet"(equipment - buses)	E	694.100
7.	PP "MI" (production of hen's eggs)	E	85.000
EDUCATION			
1.	Regional school - Tarevo (repair)	E	50.000
2.	Regional school -Brateljevići ( repair))	E	50.000
3.	Primary school - Stupari	E	150.000
HEALTH			
1.	Dom zdravlja (Public Health Building) Kladanj	E	300.000
2.	Regional ambulances: Tuholj, Starić, Stupari (repair)	E	60.000
INFRASTRUCTURE			
1.	Road Kladanj - Vrteljevići	E	3.500.000
2.	Road Kladanj - Turalići	E	500.000
3.	Road Krivojevići - Brlošci - Noćajevići	E	700.000
4.	Towns streets in Kladanj	E	450.000
5.	PTT optic link Kladanj-Olovo	N	250.000
6.	Secondary waterworks network in the town	E	70.000
7.	Waste deposit	N	25.000
8.	Central heating of the town	E	100.000
OTHER SECTORS			
1.	Development of Agriculture: Cattle-breeding; Mini dairy	N	600.000
TOTAL:			12.024.000



**BOSNIA AND HERZEGOVINA  
FEDERATION OF BOSNIA AND HERZEGOVINA  
TUZLA - PODRINJE CANTON**

<b>MUNICIPALITY</b>	<b>LUKAVAC</b>
Organization form (Secretariat, Bureau, Sector, simi)	Institut of enviromental design, reconstruction and development
Responsible	Fikret Plavšić, Machine engineer
Number of employees and qualification	20 - Employees, 13 - Higher school, 7 - Secondary school,
Telephone / Fax	566-164, 566-405

<b>EQUIPMENT</b>	
Premises m2	
Computer	PC - 486
Other equipment	Drawing boards

CURRENT PROBLEMS - INVESTMENT PRIORITIES			
No.	SECTOR	(Existing - (New firms in DEM	
INDUSTRY AND ENTERPRISE			
1.	Factory of soda Lukavac (repair and working capital)	E	3.000.000
2.	Coke - Chemical Firm (Malein acid and Nitrogenous manure)	E	2.500.000
3.	Stonepit Vijenac (Equipment)	E	900.000
4.	Production of construction materials (bricks, prefabricated ratter)	N	200.000
5.	Opening of small works (Production of ice - cream ...)	N	1.000.000
EDUCATION			
1.	Jaruške - Primary school	E	60.000
2.	Babice - Primary school	E	70.000
3.	Puračić - Primary school	E	- 70.000
4.	Lukavac Town, Lukavac Mjesto - Primary school	E	200.000
5.	Secondary school Center in Lukavac	E	50.000
HEALTH			
1.	Ambulance - Jaruške		63.000
2.	Ambulance - Orahovica		63.000
3.	Ambulance - Puračić		70.000
4.	Dom zdravlja ( Public Health Building ) Lukavac town		25.000
5.	Dom zdravlja (Public Health Building) Prokosovići		5.000
INFRASTRUCTURE			
1.	Road Kruševica-Dovište-Srebrenik (4.5 km)	N	3.500.000
2.	Road Huskići-Mramor (3 km)	N	1.800.000
3.	Reconstruction of road Modrac-Mosorovac-Poljice (17 km)	P	8.000.000
4.	Reconstruction of road Orahovica-Jaruške (2 km)	P	160.000
5.	Central heating in schools: Prokosovići, Gnojnica, Turija, Lukavac.	N	360.000
6.	Electrification of villages : Jaruške, Orahovica, Turija, Devetak, Doboštica	P	420.000
OTHER SECTORS			
1.	Regulation of river Jala	N	8.000.000
2.	Waterboard Lukavac, Prokosovići, Poljice, Puračić, Tabaci	E	800.000
3.	Bridge on river Spreča in Puračić	E	50.000
4.	Repair of telephone network and switchboard in Doboštica	E	1.000.000
TOTAL:			32.366.000

**BOSNIA AND HERZEGOVINA  
FEDERATION OF BOSNIA AND HERZEGOVINA  
TUZLA - PODRINJE CANTON**

<b>MUNICIPALITY</b>	<b>SREBRENİK</b>
<b>Organization form</b> (Secretariat, Bureau, Sector, etc.)	<b>Expert advisor for Reconstruction and Development</b>
<b>Responsible</b>	<b>Smajlović Ibrahim</b>
<b>Number of employees and qualification</b>	<b>1 - Economist</b>
<b>Telephone / Fax</b>	<b>640-204, 640-056 fax</b>
<b>Telephone / Fax</b>	

<b>EQUIPMENT</b>	
<b>Premises m2</b>	<b>1- office</b>
<b>Computer</b>	<b>-</b>
<b>Other equipment</b>	<b>-</b>

CURRENT PROBLEMS - INVESTMENT PRIORITIES			
No.	SECTOR	(E)isting - (N)ew firms in DEM	
INDUSTRY AND ENTERPRISE			
1.	Milk cows - mini farm (300 household)	E	3.000.000
2.	Construction of drive for processing of fruit and vegetables "FANA"(equipment)	E	500.000
3.	Construction of Mini Dairy - capacity 5.000 liter "STARKO"	N	650.000
EDUCATION			
1.	Repair of Primary school: Jasenica, Ibrići, G.Moranjci, Čehaje, D. Špionica, G. Srebrenik - (each 75.000)	E	450.000
2.	Construction of Regional school in Čage	E	150.000
3.	Equipping of Sport Hall in Špionica	E	75.000
4.	Construction of Sport Hall in Srebrenik II	N	200.000
HEALTH			
1.	Expanding "Dom zdravlja" (Public Health Building) Srebrenik	N	800.000
2.			
3.			
INFRASTRUCTURE			
1.	Reconstruction of waterworks in Srebrenik	E	500.000
2.	Finalisation of waterworks in Špionica	N	150.000
3.	Reconstruction of waterworks in Tinja	E	100.000
4.	Construction of waterworks in Podorašju	N	450.000
5.	Construction of waterworks in Sladna	N	200.000
6.	Construction of waterworks in D.Potok	E	60.000
OTHER SECTORS			
1.	Construction of main collector	N	2.000.000
2.	Construction of sewage deposit in D.Potok	N	200.000
3.	Equipping Fire - Station Association	E	240.000
4.	Repair of road network in Municipality	E	250.000
5.	Heating system in town	E	1.500.000
6.	Heating system of town	E	650.000
7.	Annex Building to Center for Culture and Information	N	100.000
	TOTAL:		9.775.000

**BOSNIA AND HERZEGOVINA**  
**FEDERATION OF BOSNIA AND HERZEGOVINA**  
**TUZLA - PODRINJE CANTON**

<b>MUNICIPALITY</b>	<b>TEOČAK</b>
Organization form (Secretariat, Bureau, Sector, sim.)	Secretary of economy
Responsible	Rizvan Čajlaković
Number of employees and qualification	7 - Employees; 1 High school; 6 Secondary school
Telephone / Fax	075/239 385

<b>EQUIPMENT</b>	
Premises m2	30 m2
Computer	PC - 486
Other equipment	-

CURRENT PROBLEMS - INVESTMENT PRIORITIES			
No.	SECTOR	(E)isting - (N)ew Grms in DEM	
INDUSTRY AND ENTERPRISE			
1.	Diary	N	250.000
2.	Refrigeration plant for processing of fruit and vegetables	N	500.000
3.	Construction of Pisciculture - Lake Snježnica	N	1.500.000
4.	Regulation of bank and revival of tourism	N	3.000.000
5.			
EDUCATION			
1.	Reconstruction school - Tursunovo Brdo	E	100.000
2.	Reconstruction school - Jasenje	E	80.000
3.			
4.			
5.			
HEALTH			
1.	Expanding Ambulance for 200 m2	E	200.000
2.			
3.			
4.			
5.			
INFRASTRUCTURE			
1.	Road to Teočak via Majevica( 8 km)	E	1.000.000
2.	Road to site Tursunovo Brdo	E	1.200.000
3.	Secondary PTT network	E	400.000
4.	Secondary waterworks network	E	300.000
5.	Construction of sewage and waste deposit	N	1.000.000
OTHER SECTORS			
1.	Repair of 850 damaged houses	E	20.400.000
2.	Mine - disposal - Site Tursunovo Brdo	N	2.000.000
3.			
TOTAL:			31.930.000