

# Foreign Direct Investments in Bosnia and Herzegovina

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**Abstract:** *Foreign direct investment (FDI) is a capital investment in a particular company abroad that acquire ownership control over the enterprise. The main objective of the study is to explore the problems of foreign direct investments in B&H and to explore the reasons why foreign investors should invest in B&H. This research gives better insight current and historical trend of FDI in Bosnia and Herzegovina. Foreign direct investments are of great importance for economic growth and development of developing countries and countries in transition like Bosnia and Herzegovina. Benefit from foreign direct investments has all the investors and the country in which he invested. This paper presents the role and importance of foreign direct investment in Bosnia and Herzegovina. According to data, investments in Bosnia and Herzegovina are increasing every year. It positively affects the economic situation in our country. For purpose of the study author will give detail explanation of foreign direct investment. Research questions will be based on foreign company and investors which invest in B&H, and in which sector are they investing. The next question is how the policies can attract foreign direct investments and which countries are the most investors in Bosnia and Herzegovina. What are the problems faced by foreign investors and how policy can address these issues in order to facilitate them and attract more foreign investment. Based on the collected data and financial statements there will be show the current situation in Bosnia and Herzegovina related with foreign investment. In the research there will be compared B&H with countries in the region. Whether Bosnia and Herzegovina has advantages compared to Serbia and Croatia. Which of these countries has the most foreign investment? As a conclusion of this paper, analysis will show how are important foreign investment for economic development of Bosnia and Herzegovina, and what is necessary for B&H to change in order to attract a large number of foreign investments.*

**Keywords:** *Foreign direct investment (FDI), transition, Bosnia and Herzegovina, economic growth, policy.*

