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Bosnia-Herzegovina

Grain and Feed

Crop Update

2005

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Report Highlights:

The winter wheat crop is developing well with an expected total yield of around 220,000 MT from 90,000 ha. Bosnia and Herzegovina usually imports around 350,000 MT of wheat in a marketing year to cover its needs. Preparations for corn planting are delayed because of this year's excessive snowfall and continued snow cover. Total corn area for 2005/06 is expected to be 227,000 ha. Total spring barley area for 2005/06 is expected to be around 15,000 ha. At present, no biotech products can be imported into the country because no government agency has the authority to monitor and regulate bioech imports.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Vienna [AU1]
[BK]

Wheat

According to the official statistics of the Bosnia-Herzegovina (BiH) Ministries of Agriculture¹, the 2004/2005 wheat area is around 90,000 hectares. The 2004/05 crop has wintered well and early estimates point to an average yield of 2.7 t/ha and a total yield of around 220,000 MT. BiH usually imports around 350,000 MT of wheat in one marketing year (total annual consumption is around 600,000 MT).

According to the agricultural ministries, there will be no major changes in wheat area in 2005/2006.

Corn

Preparations for corn spring planting are slightly delayed because of this year's excessive snowfall and increased soil moisture. The corn area for the Republika Srpska is expected to be 170,000 ha and the corn area for the Federation is expected to be 57,000 ha (for a total corn area of 227,000 ha for 2005/06). According to the agricultural ministries, there will be no major changes in the 2006/07 corn area. The average yield in the BiH is around 4 t/ha with total production at around 800,000 MT. In 2004/05, the agricultural ministries reported an excellent crop of over 900,000 MT from 225,000 ha.

Barley

Total spring barley area for 2005/06 is expected to be around 15,000 ha (around 5,000 ha in the RS and 10,000 ha in the Federation) with an average yield of around 2.5 tons/ha. No major changes in 2006/07 area are expected.

Most barley production is used for animal feed.

Tariffs

Currently, there are no quotas or quantitative restrictions for grain imports into the country.

The current tariff schedule includes:

	Tariff %
1001 / wheat and spelt	
1001 10 / durum	5
1001 10 00 10/ for sowing	0
1001 90/the rest	
1 v001 90 10 00/ for sowing	0
1001 90 99 00/ the rest	5
1003 00/barley	
1003 00 10 00/for sowing	0
1003 00 90 00/the rest	5
1003 00 90 10/for malt	5
1005/corn	

¹ Under the Dayton Peace Agreement, Bosnia and Herzegovina (BiH) is divided into two Entities, the Federation of Bosnia and Herzegovina (F BiH) and Republika Srpska (RS). The Entities are responsible for agricultural and food issues, and there is no national-level agricultural ministry/department.

1005 10/for sowing, hybreeds	5
1005 90/the rest	10
1005 90 00 90/for feed	0

An additional 1% customs fee is applied on all imported goods.

The following countries have free trade agreements with BiH for which zero-duty tariffs apply: Croatia, Serbia and Monte Negro, FYR Macedonia, Albania, Romania, Bulgaria, Moldova and Turkey.

Consumption

Wheat: 600,000 MT (500,000 MT industry, 65,000 MT on farm use, 35,000 MT seed)

Corn: 1,000,000 MT animal feed (industry and on farm use)

Barley: 75,000 MT animal feed (industry and on farm use)

Corn consumption has been increasing in the last several years because of the developing livestock and poultry industries.

Trade and Stocks

Bosnia-Herzegovina usually imports around 350,000 MT of wheat in a marketing year. In the 2004 calendar year, BiH imported a total of 405,611 tons of wheat, flour and pasta valued at 125.1 million KM (\$83 million)². The share of milling wheat was 385,197 tons valued at 113.6 million KM (\$75 million). The most of the wheat was imported from Hungary (189,103 t), Serbia (111,338 t), Croatia (30,339 t), Czech Republic (18, 841 t) and the U.S. (18,307 t). Stocks are estimated to be around 100,000 MT.

BiH usually imports around 150 MT of corn in a marketing year. The imported quantity of corn in 2004 calendar year was higher than usual at 218,251.5 tons valued at 67.3 million KM (\$44.5 million). The larger volume was most likely due to the increased consumption by the developing poultry and livestock industries. Most of the imported corn came from Hungary (114,628 t) and Serbia (66,571 t).

Total barley imports amounted to 28, 286 t valued at 7.5 million KM (\$5 million).

Exports of grains are minor. The total exported quantity of wheat, corn and barley in CY2004 was 560 tons.

Domestic Support

There are two Entities in Bosnia and Herzegovina and two agricultural ministries accordingly, responsible for agricultural support. Although a minimum percentage of the total Entities' budgets is earmarked for subsidies every year (4% in the Republika Srpska and 3% in the Federation) the total amount spent on domestic support in both Entities in 2002 and 2003 was around 45 million KM (\$30 million). However, the amount actually spent on domestic subsidies is usually lower. This year the RS has earmarked 33 million KM for subsidies, and

² Source: BiH Indirect Tax Administration

BiH has earmarked 16 million KM for a total 49 million KM or \$32.5 million³. The total amount spent on domestic support in 2002 and 2003 was around 45 million or \$30 million, and in 2004 total domestic support was around 60 million KM or \$40 million.

According to the agricultural ministries there will be no major changes in the distribution of the subsidies as compared to last year. In 2004 in the Republika Srpska, seed wheat (minimum 6 tons) and seed corn (minimum 0.4 t) were subsidized at 0.05 KM/kg and 0.50 KM/kg. In the Federation of Bosnia and Herzegovina, wheat and barley for seed were subsidized at 0.14 KM/kg, and mercantile wheat was subsidized at 0.06 KM/kg. Corn (area between 2- 5 ha) was subsidized at 50 KM/ha.

Biotechnology

According to the provisions of the Food Law adopted in November 2004, an applicant must obtain a permit from the BiH Food Agency for marketing all novel foods for the first time in BiH, including biotech products. However, the Food Agency has not yet been established, and the regulations pursuant to the import and marketing of novel foods/genetically modified organisms (GMOs) have not yet been drafted. According to the Food Law, the permits for placing novel foods on the market and feed that contains or consists of GMOs shall not be issued until the adoption of the implementing regulations, meaning that no imports of GMOs are allowed to the country at present. The Law does not regulate the labeling of biotech products, and it will most likely be set by regulations that will follow.

Previous to the Food Law's adoption, local authorities opposed imports of biotech food products. Four years ago, U.S. corn that contained biotech content was characterized as "undesirable" by the RS Ministry of Agriculture and therefore was not imported.

Exchange rate on 3/31/2005: \$1= 1,511 KM (Convertible Mark)

³ The Federation of BiH consists of ten Cantons and each Canton has its own ministry of agriculture or economy responsible for agricultural issues. The Cantons and even municipalities of the Cantons have their own supplementary subsidies – it's difficult to collect the exact data but the amount spent every year is estimated between 10 and 20 million KM (\$6.5 – \$13 million).