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Report Highlights:

Bosnia and Herzegovina (BiH) maintains a significant trade deficit in its agro-food sector. In 2022, food imports reached \$2.5 billion, while exports were valued at \$595 million. The primary imported food products include grains and grain products, meat and dairy products, sugar, and beverages (alcoholic and non-alcoholic). Opportunities exist for U.S. food preparations, pulses, wine, seafood, dried fruits, and tree nuts. This report contains an overview of the country's economic situation, market structure, import requirements, and best product export opportunities.

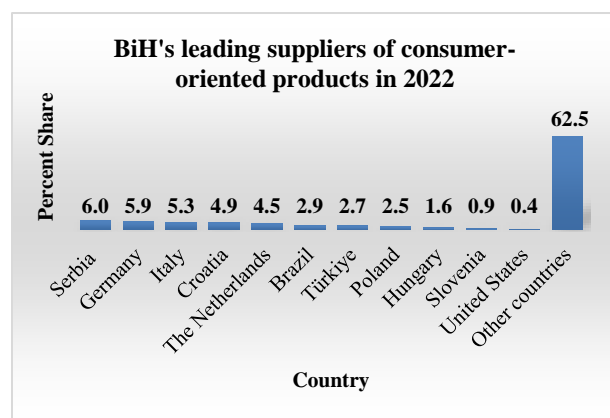
Market Fact Sheet: Bosnia and Herzegovina

Executive Summary

- Bosnia and Herzegovina (BiH) is in southeastern Europe with a population of 3.5 million.
- BiH is a candidate for European Union (EU) economic growth and development.
- BiH has a large foreign trade deficit with imports almost two times greater than exports.
- In 2022, agri-food imports totaled \$2.5 billion (15 percent of total imports), while exports were valued at \$595 million (6 percent of total exports).
- Principal trading partners are the European Union (EU) and Serbia.
- BiH is expected to join the World Trade Organization soon after it resolves the remaining technical issues.

Import of Consumer Oriented Products

- Most U.S. exports to BiH are consumer food products.
- In 2022, total U.S. agricultural and fish exports to BiH were valued at \$15.5 million (less than one percent of BiH's total agricultural and fish imports) and consisted of various food preparations, tree nuts (almonds, pistachios, and walnuts), whiskey, frozen hake, and peanuts.



Source: BiH Agency for Statistics

- EU countries supplied approximately 30 percent of all consumer-oriented products to BiH.

Food Processing Industry

- The private sector consists of wheat and feed milling, dairy and meat processing, vegetable oil and sugar refining, fruit and vegetable processing, and a biscuit industry.
- Meat and bakery industries depend on imported inputs.
- Domestic food production is insufficient and covers approximately one-third of total needs.

Food Retail Industry

- BiH's consumer food retail market highly diversified and is estimated to be valued at \$3.0 billion.
- There has been significant concentration taking place in this sector, with bigger shopping centers supplanting smaller traditional shops.
- Two local retail companies, Bingo and Tropic Group dominate BiH retail sector; third largest retailer is Croatian Konzum.
- Perishable foods, fruits, vegetables, bread, and fresh meat are usually bought at small grocery stores, specialized stores, or green markets.

List of Top 10 Growth Products in Host Country

- | | |
|--------------------------------|----------------------|
| 1) Beverages and mineral water | 6) Sauces and spices |
| 2) Food preparations | 7) Seafood |
| 3) Chocolate products | 8) Wine |
| 4) Bakery products | 9) Ice-cream |
| 5) Spirits | 10) Tree Nuts |

Strengths/Weaknesses/Opportunities/Threats

Strengths	Weaknesses
High quality and diversity of U.S. products	U.S. exporters are reluctant to export small quantities to relatively unknown and distant BiH
U.S. products highly popular among young generations	U.S. exporters face competition from EU tariff-free products and from FTA partner countries
Opportunities	Threats
Insufficient domestic food production and large trade deficit	BiH uses EU standards and regulations, including those restrictive to U.S. products
Shortages of important foods such as grain and meat and meat products	Absence of a single economic market in the country; different legislative, regulatory and distribution systems in the two entities
Growing tourism	BiH is not a member of the WTO.

Data and information sources: BiH agency for Statistics, BiH Central Bank, World Bank, BiH Foreign Trade Chamber, and BiH Confederation of Independent Trade Unions

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I. MARKET OVERVIEW

Economic Situation

Bosnia and Herzegovina (BiH) is an upper-middle-income country with a GDP estimated at \$24.53 billion and per capita GDP of \$7,585 (2022). BiH's economy is transitional with a population of approximately 3.5 million and per capita GDP about one-third of the EU27 average.

BiH real GDP is expected to grow by 2.5 percent in 2023, 3 percent in 2024 and 3.5 percent in 2025, according to the World Bank estimates. BiH's small economy is exposed to several risks including dependence on imports of a variety of goods and vulnerability to price volatility, as well as sensitivity to natural disasters and climate change. The average monthly net salary reached \$696 (KM 1,144) in the first half of 2023. The European Union (EU) granted BiH candidate status in December 2022, following the country's application for membership in February 2016.

In 2022, BiH recorded an average inflation rate of 14 percent, a significant increase from 2-percent inflation in 2021. In August 2023, consumer prices increased by 4.7 percent year-over-year (food and beverages prices rose by 8 percent year-over-year).

The country is a net food importer with \$2.5 billion in annual agri-food imports in 2022. Total U.S. agricultural and fish exports to BiH were valued at \$15.5 million (less than one percent of BiH's total agricultural imports) including various food preparations, tree nuts (almonds, pistachios, and walnuts), whiskey, frozen hake, and peanuts. Total U.S. agricultural and fish imports from BiH were valued at \$5.5 million in 2022. The key exports from BiH were processed grain products, coffee, sunflower oil, and alcoholic drinks.

Table 1: U.S.-BiH Bilateral Agricultural Trade 2022

U.S. leading exports to BiH	BiH leading exports to the U.S.
Food preparations: \$4.4 million	Bread and pastry products: \$1.4 million
Tree nuts: \$4.2 million	Coffee: \$1.3 million
Alcohol drinks: \$2.1 million	Sunflower oil: \$0.9 million
Seafood: \$0.7 million	Alcohol drinks: \$0.5 million
Peanuts: \$0.5 million	Mineral water: \$0.4 million

Source: BiH Agency for Statistics

Most U.S. origin products are shipped to BiH through neighboring countries and therefore may not appear as a U.S. origin import. Actual U.S. exports are likely considerably higher than indicated above.

BiH is currently one of the poorest countries in Europe, but the goals of EU and North Atlantic Treaty Organization membership are drivers for further economic growth and development. Despite slow economic growth and weak purchase power, food expenditures are increasing, and food imports continue to rise. Tourism is increasingly seen as an important source of job growth and foreign exchange. The hospitality and food and beverage sectors' revenues grew from \$227

million (KM 406 million) in 2018 to \$329 million (KM 587 million) in 2022 (45 percent growth), and they continued expanding in 2023.

Certain U.S. products, such as food preparation, pulses, wine, seafood, dried fruits, and tree nuts have good potential in the BiH market.

Structure of the Economy

The services industry contributes 56 percent to GDP and employs approximately 50 percent of the workforce (mainly trade/wholesale/retail and public administration sectors).

The goods industry contributes to GDP with 38 percent (manufacturing sector's share is 15 percent) with an employment share of 32 percent. Agriculture contributes to GDP with only 6 percent to GDP, but they account for 10 percent of employment (World Bank and Eurostat 2020/2021).

BiH's economic output declined to 3.9 percent in 2022, after 7.4-percent growth in 2021. The 2023 output is expected to grow slowly by 2.5 percent due to weaker consumption and exports (World Bank). The major productive sectors of the economy are mining, telecommunications, construction, trade, transportation, and agriculture. The leading industries are steel, aluminum, minerals, vehicle assembly, textiles, tobacco products, wooden furniture, explosives, munitions, domestic appliances, and oil refining. The private sector contributes about 60 percent to the GDP.

BiH has approximately one million hectares of arable land with farms accounting for approximately half of it, or 500,000 hectares. The largest crop is corn followed by wheat and barley. Small, low-output, family farms averaging 2-5 hectares characterize agricultural production. The situation is further exacerbated by low input use (fertilizers, chemicals, and certified seeds), poor crop management and post-harvest management practices, and poor railway and road infrastructure.

The official unemployment rate is 15 percent (2022). BiH's grey economy is relatively large – estimates range from 20 to 30 percent of GDP.

Business Environment

BiH is composed of two entities, the Federation of Bosnia and Herzegovina (F BiH) and the Republika Srpska (RS), each with its own business environment. Although there has been an effort to create a single market in BiH, significant legislative, regulatory, and institutional differences between the entities persist. Between the two entities, factors such as business registration requirements and most taxation and standards are separate and different.

Size and Growth of Consumer Food Market

Little official information is available about the size or growth of the market. BiH's consumer food retail market is estimated to be valued at \$3.0 billion (KM 5.5 billion), and the sector has

reportedly continued to experience slow growth in sales due to the global economic crisis and BiH's high unemployment rate. According to the World Bank's [Western Balkans Regular Economic Report \(Fall 2023\)](#), the economy recovered in 2021 following higher private and public consumption and higher exports, but slowed down in 2022 due to increased energy and food prices that reduced purchasing power. This trend continued in the beginning 2023, due to contraction in private consumption and a drop in industrial production. Food prices increased by 15.5 percent during January–July 2023 (compared with a rate of 19.3 percent during the same period in 2022). The food inflation is expected to decrease by the end of 2023 due to a significant decline in transport prices.

There has been a constant concentration in the retail sector with bigger shopping centers supplanting smaller traditional shops. Local retail companies dominate BiH retail sector. The market leader, domestic retail chain “Bingo” from Tuzla, has recorded the major growth in 2022, holding over 50 percent of market share. The second largest retailer is domestic retail chain “Tropic Group” from Banja Luka that continues to expand its presence. Croatian Konzum is the third-ranked largest retail chain.

Food Expenditures and Consumption

A Bosnian family of four spends approximately \$9,000 annually (2023) on food products. According to EUROSTAT, 16.9 percent of the population is at risk of slipping into poverty.

Demographic Developments and Impact on Consumer Buying Habits

BiH has a population of 3.53 million (2013 census) that has been decreasing. Forty-three percent of Bosnian households are composed of one-person and two-persons. Three and four-person households constitute another 40 percent, while five-person households compose 9 percent of all households. The population growth rate is -1.15 percent (2022 est.). It is estimated that up to 50,000 people (mostly young people, skilled workers, and professional) leave the country annually searching for better work prospects and education, which reduced the availability of the same workers and students in BiH, and negatively impacting the economy. BiH citizens' purchasing power is only 42 percent of the European Union average.

The United Nations Development Program (UNDP) recently reported that BiH ranks as the fourth most rural country in Europe with approximately 60 percent of the population living in rural areas. The migration of people from rural to urban areas is about 10 percent in every generation. Less than half of rural households are involved in agriculture, with one-third producing food solely for their own consumption on 1-3 hectares. Less than 1 percent are larger farms with significant agricultural income. Most rural households earn income from other employment or social benefits. The six biggest cities enjoyed 40 percent lower unemployment and 25 percent higher wages than rural areas.

Advantages and Challenges for U.S. Suppliers in BiH Market

Advantages	Challenges
Insufficient domestic food production; imports nearly four times larger than exports.	Long distance/ high shipping costs, poor transportation infrastructure, absence of highways, limited railway service
Increased urban population	Weak economy that affects consumer purchasing power, low average net wage, and high unemployment rate
High quality of U.S. products	Consumers more interested in price than in quality
Import duties low when compared to other countries in the region	Illegally imported and low-quality products that compete with legitimately imported foods
Relatively low costs for introduction and promotion of new products using local broadcast and print media or in-store promotions	Different distribution systems in the two entities; different taxation systems; difficulties in finding a reliable and capable local partner to carry out marketing and distribution
Increasing number of large retail supermarkets	Lower import duties for products imported from ex-Yugoslavia neighboring countries and EU countries because of free-trade agreements
U.S. products are very popular among young consumers	Reservations towards genetically engineered foods due to a lack of consumer education on the subject and a desire to meet EU requirements
Food imports that grow year by year.	Importers tend to buy small quantities to test market, and U.S. companies are not always willing to go through foreign trade bureaucracy to sell restricted quantities.

II. EXPORTER BUSINESS TIPS

Local business customs

Importers/wholesalers/distributors provide transportation, product storage, market information, financing, and some insurance. Finding an agent and/or distributor is the most effective way to market consumer goods. The Foreign Agricultural Service Sarajevo Office can assist U.S. companies exporting to BiH by identifying local opportunities for the sale of U.S. products, providing counseling on the market, and can help you locate qualified distributors (please see the Key Contacts and Further Information section below).

The distribution systems are different for the Federation (F BiH) and the Republika Srpska (RS) because of differing legal frameworks. There have been ongoing efforts to harmonize rules between the two entities, but significant differences persist. It is often necessary to develop multiple distribution channels and relations with distributors in both entities to cover the whole country.

General Consumer Tastes and Preferences

Most consumers view price as the primary factor in their food purchasing decision. Preferences tend toward large packages at lower prices. Shopping centers have become an increasingly popular retail food sales point. Most people usually buy non-perishable foods at large supermarket centers once or twice a month. Perishable foods, fruits, vegetables, bread, and fresh meat are usually bought at small grocery stores, specialized stores, or green markets.

The 2018 Federation of BiH Institute for Statistics' survey of the population's dietary habits showed that the most consumed products are bread/bakery products, rice, and potatoes, while red meat, and fish, as well as fruit and vegetables, are less consumed.

Due to the low purchase power, consumption of beef and lamb have been steadily declining while consumption of poultry meat and pork has been increasing. Unfavorably, the price of poultry meat has increased by over 60 percent in 2021 largely due to increasing feed prices. This price slightly dropped in 2023 but remained high due to the elevated global feed prices and low grain stocks. Pork consumption is much higher in the Republika Srpska than in BiH because of its large Muslim population.

III. IMPORT FOOD STANDARDS AND REGULATIONS/IMPORT PROCEDURES

BiH has been a candidate for EU membership since December 2022 and thus required to harmonize its regulations with the EU's Acquis. BiH largely uses EU standards and regulations, including those restrictive to U.S products.

For more information please see the latest [Food and Agricultural Import Regulations and Standards \(FAIRS\) Annual](#) and [FAIRS Export Certificate](#) reports.

IV. MARKET SECTOR STRUCTURE AND TRENDS

Domestic Industrial Capacity

BiH's food industry is too small and inefficient to compete with large foreign industries. Domestic food production is insufficient and covers approximately one-third of total needs. Raw materials are largely imported from Serbia and EU countries (e.g., meat, grains, oilseeds, and sugar for refining).

Food Retail Sector

BiH's retail market is quite diversified with supermarkets, specialty stores, small traditional convenience stores, and open green markets coexisting. In general, small retailers are slowly losing out to large wholesalers with developed retail operations. Shopping centers import and distribute food and offer a great variety of fresh meat, exotic and new-to-market foods, and ready-to-eat foods. They also provide good professional service, restaurants with ready meals at favorable prices and a festive environment (entertainment for kids, clowns, and games/lotteries). More than 70 percent of retail sales are made in shopping malls, while about 30 percent of sales

are made in small shops and approximately 3,000 self-service stores with diverse offerings and proximity to customers' homes.

Quite often, they organize in-store promotions and product tastings and provide small gifts with purchased products. A special discount is offered to faithful customers. Food items are also sold in several small independent groceries and on open markets.

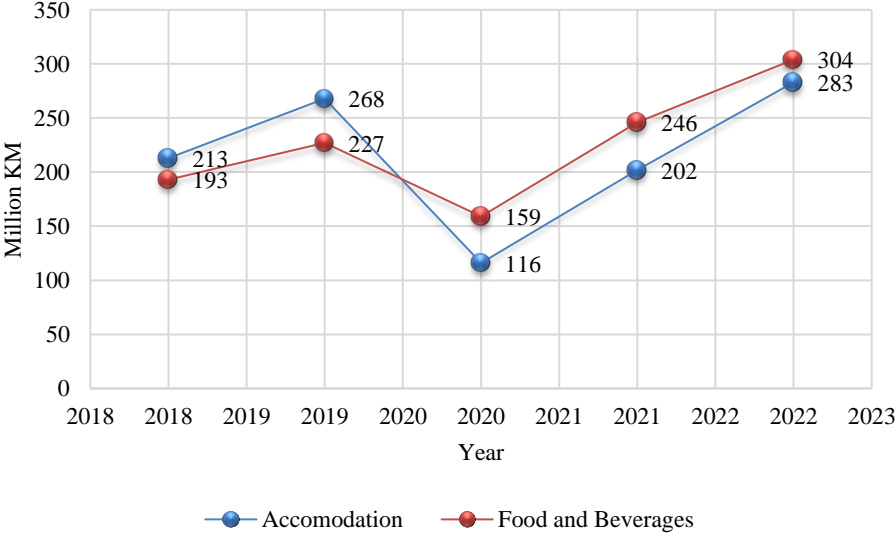
Over 80 percent of BiH's population have internet access but online food sales are still very small. Recent research showed that only 39 percent of BiH's population with access to the internet are online shoppers (Valicon & eComm, 2022-2023), and only 7 percent of them shop for food and beverages (modest 3 percent share in the total online sales). During the pandemic numerous retailers began offering free food delivery, as well as several internet platforms that offered delivery of fresh produce and other products.

Hotel, Restaurant and Institutional (HRI)

The HRI sector prepares the meals themselves. They buy ingredients from a range of suppliers, including small grocery stores, green markets, big producers, retail centers and wholesalers.

Lately, there has been a growing consensus that tourism can be a major source of job growth and foreign exchange earnings for BiH. According to foreign experts, BiH has a significant potential as a tourist destination that could generate many jobs and revenue for the BiH economy. Revenues generated in the hospitality and food and beverage sectors grew from \$227 million (KM 406 million) in 2018 to \$329 million (KM 587 million) in 2022 (45 percent growth). This growth trend had continued in the first three quarters of 2023.

Figure 1. Turnover in Accommodation and Food and Beverage Services 2017-2022



Source: BiH Agency for Statistics; US\$ 1.00 = KM 1.786 on November 27, 2023

V. AGRICULTURAL AND FOOD IMPORTS

Agricultural and Food Import Statistics

BiH's 2022 trade deficit reached \$6 billion. Agri-food imports totaled \$2.5 billion, while exports were valued at \$595 million. The primary imported food products include grains and grain products, meat and dairy products, sugar, and beverages (alcoholic and non-alcoholic).

Agriculture and food import statistics USA – BiH for the past five years can be found at [Global Agricultural Trade System \(GATS\)](#).

Selected consumer-oriented products

Commodity	BiH's imports from the world 2022	BiH's imports from the United States 2022	Key constraints over market development	Market attractiveness for the United States
Beverages and Mineral Water	\$134.9 million	\$1.6 million	Competition from key suppliers such as Serbia and Croatia	Growing tourism and consumers' demand
Food Preparations	\$128.9 million	\$4.6 million	Competition from key European suppliers (Croatia, Serbia, Poland, Germany, and Italy) that enjoy zero import duty	Insufficient local production and growing demand
Chocolate and cocoa products	\$111.8 million	\$7,801	Competition from traditional European companies (Croatia, Serbia, Germany, and Poland)	Negligible local production

Commodity	BiH's imports from the world 2022	BiH's imports from the United States 2022	Key constraints over market development	Market attractiveness for the United States
Bakery products	\$110.4 million	\$0	Competition from key suppliers such as Serbia that that enjoy zero import duty	Growing consumers' demand
Spirits	\$28.3 million	\$2.2	Competition from key suppliers such as Croatia, Serbia and UK	Insufficient local production and growing demand

Source: BiH Agency for Statistics; for import tariff rates, please see [BiH Customs Tariff Rates](#).

Best High Value Consumer Oriented Product Prospect Categories

- Products present in the market which have good sales potential:
 - Food preparations
 - Distilled spirits
 - Tree nuts
 - Seafood.
- Top consumer-oriented products imported from the world:
 - Beef and pork
 - Dairy products
 - Mineral water
 - Fresh fruit and vegetables.
- Products not present in significant quantities, but which have good sales potential:
 - Functional and healthy food
 - Free-from products (lactose-free, gluten-free)
 - Specialty foods.
- Products not present in the market because they face significant barriers:
 - Beef raised using growth promoters
 - Pork produced using ractopamine
 - Poultry, chlorine-treated
 - Biotech products (feed can be imported).

VI. KEY CONTACTS AND FURTHER INFORMATION

Please contact FAS Sarajevo for any import-related information, including lists of importers and distributors:

[FAS/USDA](#)

[U.S. Embassy to BiH](#)

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The Global Agricultural Information Network (GAIN) reports for Bosnia and Herzegovina can be found at [FAS GAIN Reports Search](#) or <https://www.fas.usda.gov/regions/bosnia-and-herzegovina>.

Attachments:

No Attachments