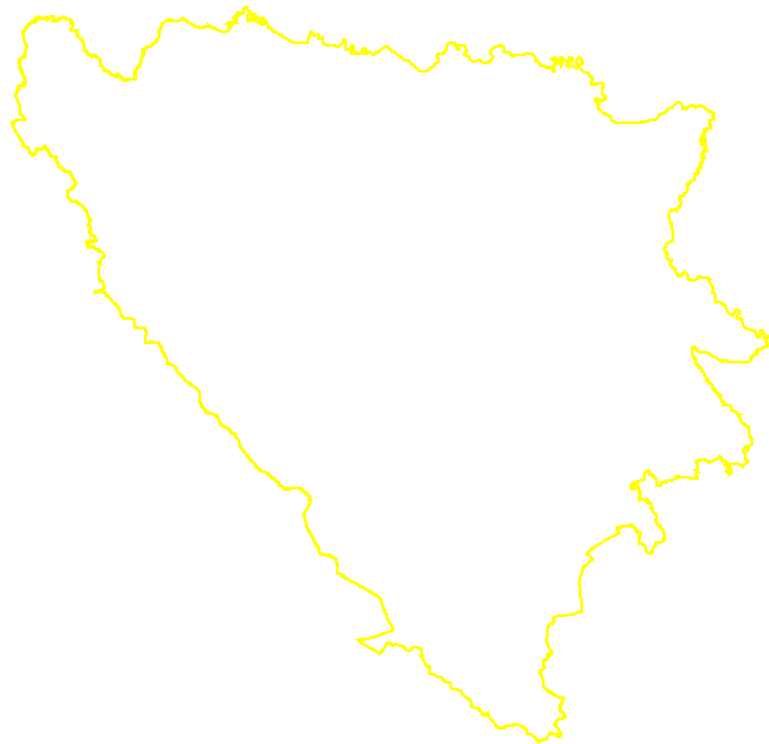


**Bosnia and Herzegovina**

# **AGRICULTURAL REPORT**

**2008**

*Annual report on the situation of the BiH sector of  
agriculture, food and rural development*



**MINISTRY OF FOREIGN TRADE AND ECONOMIC RELATIONS  
BOSNIA AND HERZEGOVINA**

## **FOREWORD**

Agriculture sector in Bosnia and Herzegovina still remains economically significant, representing an integral part of its economy, constituting an important source of employment for its rural population.

BiH does have a need for additional activities related to protection of local agriculture, but that can only be achieved by supporting strengthening of its competitiveness in both the local market as well as in the market of our neighbouring countries and beyond. It is necessary to increase allocation of funds under governmental budgets to subsidise agriculture, as well as a more efficient spending of such subsidy funds. Total assignment of funds including all levels of authority in BiH for support of agricultural production is, in comparison to our neighbouring countries, considerably lower, but the fact does not implicate our right that, due to the shortage of subsidy funds, we protect our local market and production, based on increase of customs duties rates.

Although according to the *BiH Progress Report*, in 2008, progress was made in the agriculture and rural development sector, there is no doubt that the situation in agriculture sector can additionally be improved in order to make it easier for the sector to come to grips with all the challenges and difficulties of the upcoming international integration. There is a need for us to become more imaginative, more proactive and more skilful in the formulation and implementation of our policies. Competitiveness in the sector is rising daily, imports are on the rise, and our domestic production has to bear the consequences and implications of the situation. The response of our agriculture policy makers should be reflected in a more efficient harmonisation of policies, coordination and guidance and finally, in an improved efficiency and transparency concerning utilisation of public funds allocated for the support of the sector.

During the previous year, in Bosnia and Herzegovina, *Law on Agriculture, Food and Rural Development* was enacted at the state level, which in a systemic way regulates the whole domain of agriculture. This law, together with the new European Union Instrument for Pre-Accession Assistance (IPA), offers a realistic basis for support of creation of a truly sustainable agriculture and food sectors in BiH, simultaneously providing protection of natural environment and achievement of diversity of economic activities in rural areas. Adoption of *Agriculture, Food and Rural Development Strategic Plan and Operational Programme* in the country, framework for a gradual harmonisation of policies, programmes, institutions, laws and services, valid in EU, has been provided. Under those strategic document activities have been specified concerning the activities jointly implemented at all levels in BiH, enabling establishing of necessary requirements for EU agriculture and rural development pre-accession funds application.

Priorities in the upcoming period are closely related to the EU Accession process, primarily to the fulfilment of all the obligations arising from Stabilisation and Accession Agreement signature. I hope that during this crucial period, during which some key and radical reforms will have to be accelerated, we shall also be able to find a compromising solution in order to be in line with European legislation and practice, including establishing of implementing mechanisms in so that we could use all the benefits that have been offered to us in the best of ways.

I would like to point out that it is essential to have a joint vision on the direction this country is about to take, so that its institutions could function properly, and more functional and efficient structures in the country could be set up.

I hope that this report will contribute to a better dialogue of all those, whose activities have an impact on agriculture and rural development to provide a stronger and so badly needed institutional framework in the sectors.

***Minister***

**Mladen Zirojević**



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## **ACRONYMS**

<b>ARDP</b> Agriculture and Rural Development Project	<b>MoFTER BiH</b> Ministry of Foreign Trade and Economic Relations of Bosnia and Herzegovina
<b>BAT</b> Best Available Techniques	<b>PFAP</b> Private Farmers Assistance Project
<b>BD BiH</b> Brčko District of Bosnia and Herzegovina	<b>PHARE</b> Programme of Community aid to the countries of Central and Eastern Europe
<b>GDP</b> Gross Domestic Product	<b>AMIS</b> Agriculture Market Information Service
<b>BiH</b> Bosnia and Herzegovina	<b>CR</b> Client Registry
<b>CARDS</b> Community Assistance for Reconstruction, Development and Stabilization	<b>FR</b> Farm Registry
<b>CEFTA</b> Central European Free Trade Agreement	<b>RS</b> Republic of Srpska
<b>CORINE</b> COOrdination of INformation on the Environment	<b>SESMARD</b> Support to Establishment of State Ministry of Agriculture and Rural Development
<b>DEI</b> Directorate for European Integration	<b>SIDA</b> Swedish International Development Cooperation Agency
<b>EC</b> European Commission	<b>SPIRA</b> Streamlining Permits and Inspections Regimes Activity
<b>ECDL</b> European Computer Driving Licence	<b>SAA</b> Stabilisation and Accession Agreement
<b>EEA</b> European Environment Agency	<b>TAIEX</b> Technical Assistance and Information Exchange
<b>ELMO</b> Enabling Labour Mobility	<b>UHT</b> Ultra Heat Treated
<b>EPIC</b> European Policy Information Centre	<b>UPOV</b> International Union for Plant Protection
<b>ESP</b> Extension Service Project	<b>USAID</b> United States Agency for International Development
<b>EU</b> European Union	<b>WTO</b> World Trade Organisation
<b>EUROSTAT</b> European Union Statistics	
<b>EC</b> European Community	
<b>FAO</b> Food and Agriculture Organisation	
<b>FBiH</b> Federation of Bosnia and Herzegovina	
<b>HACCP</b> Hazard Analysis and Critical Control Points	
<b>IDA</b> International Development Association	
<b>IPA</b> Instrument for Pre-Accession Assistance	
<b>IPARD</b> Instrument for Pre-accession Assistance for Rural Development	
<b>ISO</b> International Standard Organisation	
<b>KM</b> Convertible mark	
<b>LPIS</b> Land Parcels Identification System	
<b>MAFWM RS</b> Ministry of Agriculture, Forestry and Water Management of Republic of Srpska	
<b>MAWMF FBiH</b> Ministry of Agriculture, Water Management and Forestry of Federation of Bosnia and Herzegovina	

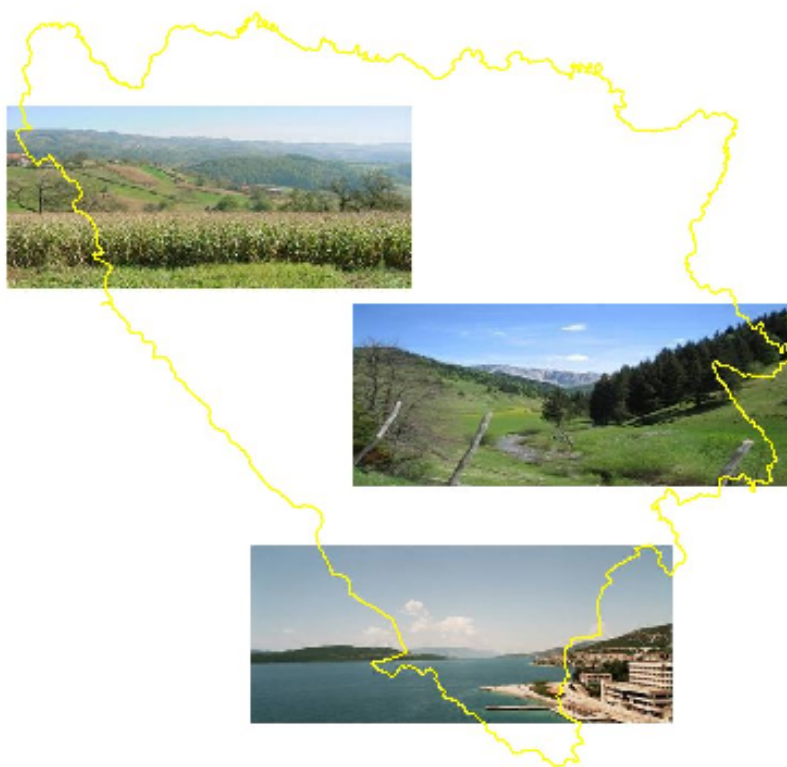
*The BiH Agriculture Report for 2008* was prepared by the Agriculture, Food, Forestry and Rural Development Sector under Ministry of Foreign Trade and Economic Relations of Bosnia and Herzegovina in cooperation with the Entity Ministries of Agriculture and Brčko District Department of Agriculture, Water Management and Forestry, according to Article 23 of the Law on Agriculture, Food, and Rural Development of Bosnia and Herzegovina.

In addition to reports and data provided by Entity Ministries of Agriculture and BD Department of Agriculture, a significant number of various state and entity level institutions contributed in preparing the report.

In preparing the report, the following data sources have been used to compile the report:

- *Monitoring Reform Process – Sectoral meeting, Food Security, Veterinary and Phytosanitary Policy and Rural Development, Brussels, February 2009*
- *The 2008 BiH Progress Report, November 2008, Brussels*
- *SESMARD Final Report, October 2008, Sarajevo and Athens*
- *Information on status and conditions of Food Industry including recommended measures, June 2008, Banja Luka*
- *Milk in BiH in 2008 – characteristics and development trends, Milkprocessing, April 2009, Sarajevo*
- *Land Registration Project, Quarterly Report (the fourth quarter of 2008), February 2009, Banja Luka*
- *Forestry Development and Conservation Project (FDCCP) – Final Report, February 2008, Banja Luka*

## **BOSNIA AND HERZEGOVINA – profile**



Bosnia and Herzegovina is located in the Sout East of Europe, western part of the Balkan Peninsula. It borders with croatia from the Nort, West and South, and Serbia and Montenegro from the East. Sarajevo is Capital of BiH. Geographical position of BiH shows it is on the border of two climate zones of the Western part of Balkan Pensinsula. The climate conditions are mainly continental and mediteranean in the South.

<b>Area</b>	51.209,2 km <sup>2</sup> 12.2 km <sup>2</sup> sea 51.197 km <sup>2</sup> land 5% flat land 25% hills 42% mountains 29% karsts	Geographical Units <i>Central Bosnia</i> (12.920 km <sup>2</sup> ) <i>Peripannonia</i> (21.622 km <sup>2</sup> ) <i>Bosnia-Herzegovina high karsts</i> (11.842 km <sup>2</sup> ) <i>Mediterranean Region</i> (5.399 km <sup>2</sup> )
<b>Administrative Organisation</b>	Federation of BiH, Republic of Srpska, Brčko District of BiH	
<b>Population</b>	3.950.000	
<b>GDP 2007 (million KM)</b>	21.641	
<b>GDP per capita (KM)</b>	5.633	
<b>Official Languages</b>	Bosnian, Serbian, Croatian and two – Cyrillic and Latin -letters	
<b>Official Currency</b>	Convertible Mark (KM) KM = 0,51129 EUR	

## **1. AGRICULTURAL PRODUCTION**

- Characteristics of Agriculture
- Crop Production
- Fruit and Grape Production
- Vegetable Production
- Industrial Crops Production
- Fodder Crops Production
- Organic Production
- Livestock Production



## 1.1. CHARACTERISTICS OF AGRICULTURE

The 2007 Gross Domestic Product (GDP<sup>1</sup>) amounted to 21.641 million KM, nominally. The percentage of nominal increase was at 13,18%, in comparison with the year of 2006 while the percentage of real increase of GDB, in 2006, at 6,84%. The GDP per capita amounted to 5.633 KM.

Gross Domestic Product (2007)	
Gross Domestic Product (million KM)	2007
<b>Total</b>	<b>21.641</b>
<i>Federation BiH GDP</i>	13.735
<i>Republic of Srpska GDP</i>	7.357
<i>Brčko District BiH GDP</i>	548
<b>Gross Domestic Product per capita KM</b>	<b>5.633</b>

Source: Agency for Statistics of BiH

Share of agriculture, hunting and forestry in the total 2007 GDP was at 7,90%, which is 0,54% less than a year before.

### Share of Agriculture, Hunting and Forestry in the Total 2007 GDP

Share of agriculture, hunting and forestry (%)	2007
	7,90

Source: Agency for Statistics of BiH

Sector of Agriculture plays a significant role in both the overall development of BiH and employment.

The Labour Survey, carried out by the BiH Statistical Agency, in cooperation with the Republic of Srpska Statistical Institute and the Federation of BiH Statistical Institute indicate that agricultural share in the overall employment is 20,6%.

### Employment per Groups and Gender (2007-2008)

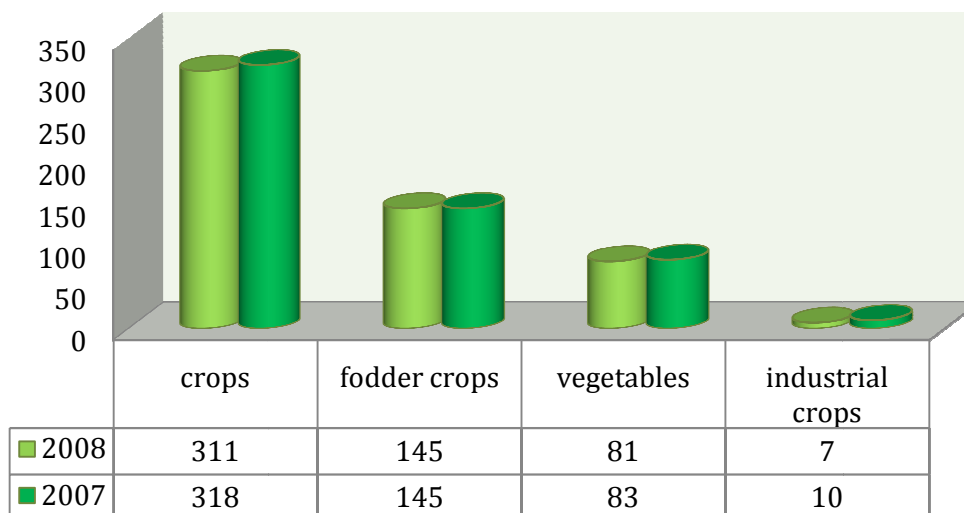
	Total		Male		Female	
	2007	2008	2007	2008	2007	2008
<b>Total (000)</b>	<b>850</b>	<b>890</b>	<b>557</b>	<b>573</b>	<b>292</b>	<b>317</b>
<i>Agricultural</i>	168	183	106	113	62	71
<i>Non-agricultural</i>	277	289	224	230	53	59
<i>Services</i>	404	418	227	230	177	188
Structure (%)						
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<i>Agricultural</i>	19,8	20,6	19,0	19,6	21,3	22,3
<i>Non-agricultural</i>	32,6	32,5	40,2	40,2	18,1	18,5
<i>Services</i>	47,6	47,0	40,8	40,2	60,6	59,2

Source: Agency for Statistics of BiH

<sup>1</sup> the 2008 GDP data are not available

According to Agency for Statistics of Bosnia and Herzegovina data, the total cultivated land, in 2008, amounts to 544.000 ha, of which 311.000 ha are crops, 145.000 ha – fodder crops, 81.000 ha – vegetables, and 7.000 ha – industrial crops.

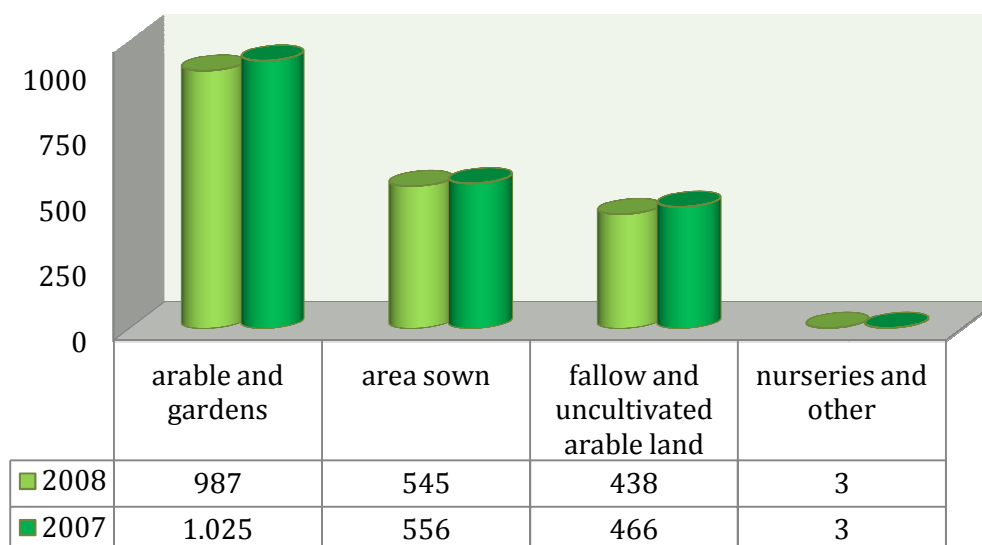
Area sown in BiH (000 ha)



As far as production structure is concerned, crop production areas are slightly decreased, while fodder crops production areas are kept at the same size. Moreover, vegetable and industrial crops production areas are noted to be slightly reduced. In despite of many simulative measures and production incentives, the lack of processing capacities, directly linked to farmers, is seen as one of the main obstacles for shifting production structure.

Total arable land amounts to 1.972.000 ha depending on land use, of which 987.000 ha are arable and gardens, 544.000 ha sown, 438.000 ha of fallows and uncultivated arable land, and 3.000 ha of nurseries and others.

Arable land by type of cultivation in BiH (000 ha)



## 1.2. CROP PRODUCTION

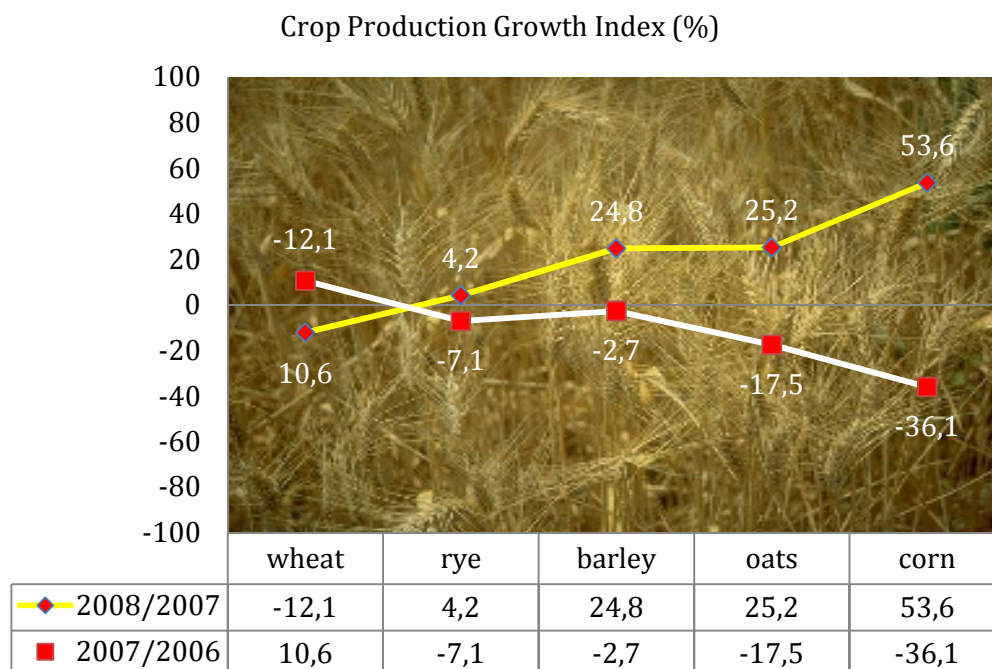
According to statistical data in 2008, the share of crops, of total sown fields, was 57%, respectively 311.000 ha. Total crop production amounted to 1.329.300 t. The predominant crops in the structure of land sown with crops are maize, 64% and wheat, 20%, while remaining crops are grown ate less than 10% of land.

Crop Production (2007-2008)

	Area (000 ha)		Production (000 t)	
	2007	2008	2007	2008
Maize	198,6	198,9	635,3	976,2
Wheat	74,5	61,1	257,1	226,1
Oats	15,4	15,3	38,5	40,1
Ray	3,3	3,8	8,9	11,0
Barley	2,1	22,8	60,7	75,8
<b>Total</b>	<b>293,9</b>	<b>311</b>	<b>1.000,5</b>	<b>1.329,3</b>

*Source: Agency for Statistics of BiH*

Crop Production Growth Index, compared with previous year, has a positive growth trend. Production of maize increased by 53,6%, by 24,8% for barley, by 25,2% for ray, and by 4,2% for oats. Negative growth trend is only noted in wheat production compared with the year before and it decreased by 12,1%.



## 1.3. FRUIT AND GRAPE PRODUCTION

According to statistical data, the total number of different fruit trees in the year of 2008 was 25 million, out of which the greatest share of all productive trees produces plums (11 million), followed by apples (4 million) and pears (1,8 million). Total fruit production was 235.000 t.

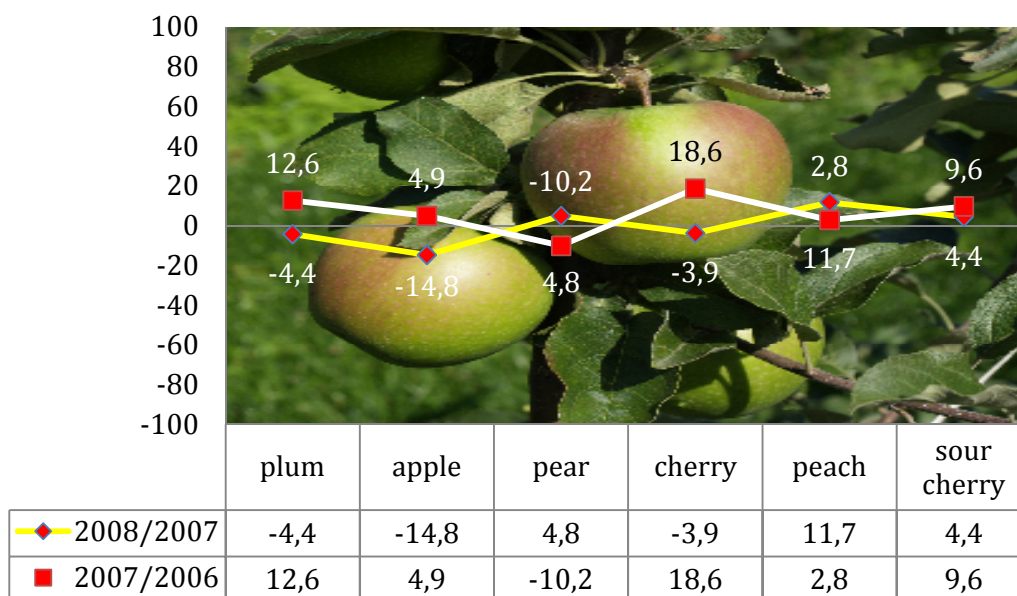
### Fruit Production (2007-2008)

	No. of trees (000)		Production (000 t)	
	2007	2008	2007	2008
Plums	11.003,1	11.355,8	138,7	132,6
Apples	3.982,8	4.189,8	60,9	51,9
Pears	1.735,9	1.792,0	20,6	21,6
Cherries	720,8	743,8	10,5	10,0
Peaches	469,2	544,3	7,4	8,3
Nuts	508,9	516,4	5,0	4,8
Sour cherries	360,8	377,4	3,3	3,5
Quinces	108,4	108,7	1,0	0,9
Apricot	86,8	92,3	0,8	0,6
Figs	51,4	57,5	0,6	0,6
Olives	8,4	11,2	0,07	0,1
Mandarins	1,9	1,8	0,05	0,06
Almond	11,2	11,1	0,05	0,05
Lemon	3,2	3,1	0,01	0,01
<b>Total</b>	<b>19.052,8</b>	<b>19.805,2</b>	<b>248,9</b>	<b>235,0</b>

Source: Agency for Statistics of BiH

Fruit Production Growth Index compared to the year before largely depends on the type of fruit. Inter alia, peaches production increased by 11,7%, followed by peaches, 4,8%. Negative Growth Trend has been recorded in the apple and plums production. The 2008 apple production has decreased by 14,8%, and plums by 4,4%.

Fruit Production Growth Index (%)



Berry Fruits Production (raspberries and strawberries) has noted a significantly positive growth trend. According to statistical data, the area sown by berry fruits, in 2008, was 6.096 ha, which is 3.760 ha more than the year before. Total berry fruits production was 28.540 t.

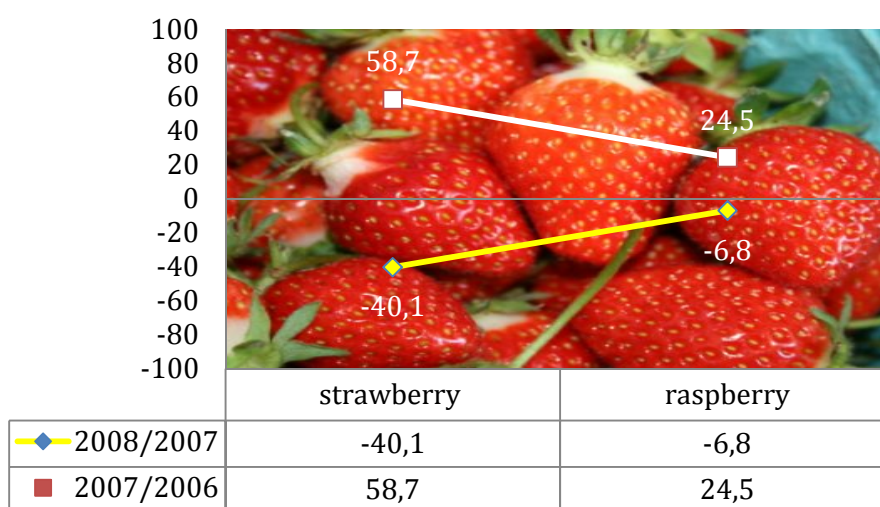
### Berry Fruits Production (2007-2008)

	Area (ha)		Production (t)	
	2007	2008	2007	2008
Strawberries	1.363	4.193	13.344	19.107
Raspberries	973	1.903	8.032	9.433
<b>Total</b>	<b>2.336</b>	<b>6.096</b>	<b>21.376</b>	<b>28.540</b>

Source: Agency for Statistics of BiH

In despite of having been significantly increased, berry fruits production, in comparison with the year before, has recorded negative growth trend. The 2008 strawberry production decreased by 40,1%, while raspberry production decreased by 6,8% in comparison with previous year.

### Berry Fruits Production Growth Index (%)



Total grape production in the year of 2008 was 23.912 t. Average yield per grape was 2 kg. Positive growth trend is noted in grape production in 2008, it is worthwhile noting that it increased by 12,6% compared to the year before.

### Grape Production (2007-2008)

	No. of productive grapes (000)		Production (t)	
	2007	2008	2007	2008
Grape	11.431	12.014	21.235	23.912

Source: Agency for Statistics of BiH

## 1.4. VEGETABLE PRODUCTION

In the year of 2008, according to statistical data, the share of vegetables in total sown fields was 15%, i.e. 81.000 ha. The total vegetable production was 706.030 t.

As far as production structure is concerned, potato is a predominant vegetable, which is sown on 40.243 ha with an average yield of 424.900 t. Other single vegetables were sown on 40.800 ha with an average production of 281.400 t.

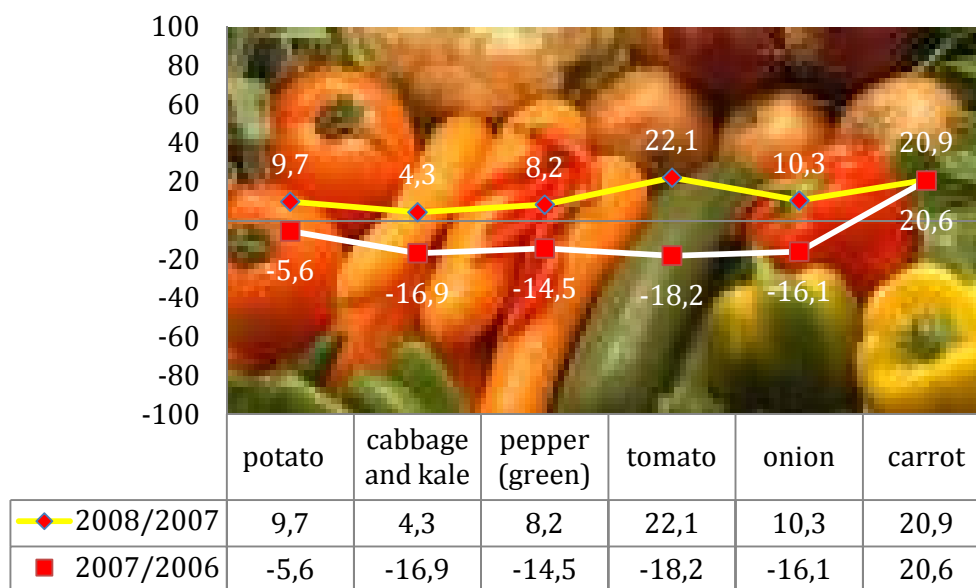
### Vegetable Production (2007-2008)

	Area (000 ha)		Production (000 t)	
	2007	2008	2007	2008
Potato	40,7	40,2	387,2	424,9
Cabbage and Kale	6,5	6,2	82,4	86,0
Tomato	3,9	3,9	33,2	40,7
Onion	5,2	5,0	34,9	38,4
Green Pepper	3,9	3,9	36,7	39,9
Carrot	1,8	1,9	22,8	27,5
Cucumber	3,0	3,0	21,7	25,0
Bean	9,3	9,2	10,4	13,0
Garlic	1,9	1,9	6,9	6,9
Peas	1,7	1,5	4,9	4,0
<b>Total</b>	<b>77,9</b>	<b>76,7</b>	<b>641,1</b>	<b>706,3</b>

Source: Agency for Statistics of BiH

According to Vegetable Growth Index, in 2008, a positive growth trend of almost all vegetable crops is noted, inter alia, potato by 9,7%, cabbage and kale by 4,3%, tomato by 22,1%, onion by 10,3% and carrot by 20,9%.

### Vegetable Production Growth Index (%)



## 1.5. INDUSTRIAL CROPS PRODUCTION

Industrial crops production area, according to the 2008 statistical data, was 7.000 ha, with its share of only 1% of total sown land. Total production of industrial crops was 12.800 t. As far as production structure is concerned, a predominant industrial crop is soya, which is grown on the area of 3.938 ha and tobacco being grown on 1.910 ha. However, oilseed and sunflower productions are very modest and they are grown on the area of 703 ha, i.e. 202 ha respectively. Production of sugar beans is really marginal by being produced on only 6 ha.

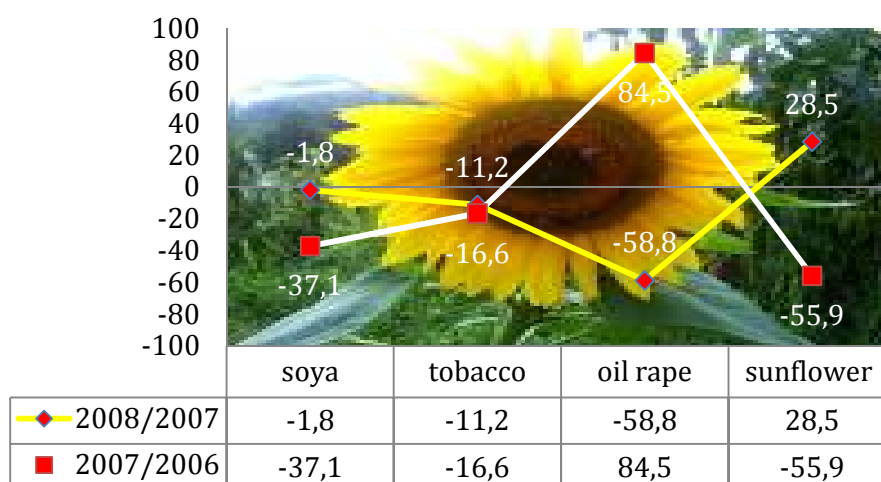
### Industrial Crops Production (2007-2008)

	Area (000 ha)		Production (000 t)	
	2007	2008	2007	2008
Soya	5,5	4,0	8,0	8,0
Tobacco	2,3	2,0	3,2	3,0
Oil rape	1,8	0,7	4,0	1,6
Sunflower	0,2	0,2	0,1	0,2
Sugar beet	0	0,06	0	0,03
<b>Total</b>	<b>9,8</b>	<b>7,0</b>	<b>15,3</b>	<b>12,8</b>

Source: Agency for Statistics of BiH

According to Production Growth Index, the 2008 industrial crops production noted negative growth trend, except for sunflower that increased by 28,5%.

### Industrial Crops Production Growth Index (%)



## 1.6. FODDER CROPS PRODUCTION

Total land surfaces sown with industrial crops, according to statistical data in 2008. were about 145.000 ha, and their share in total sown fields was 27%.

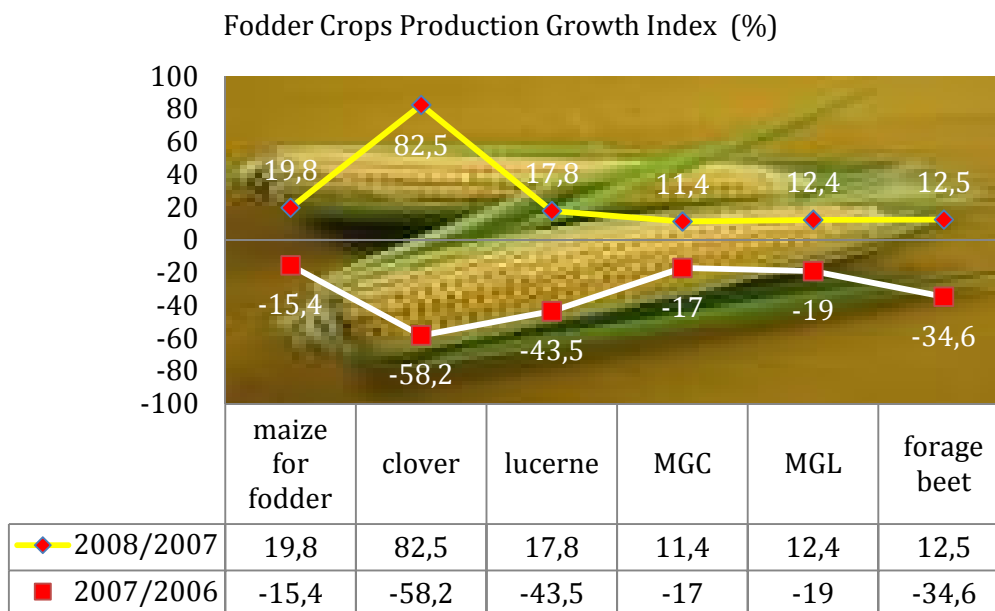
### Fodder Crops Production (2007-2008)

	Area (000 ha)		Production (000 t)	
	2007	2008	2007	2008
Maize for fodder	18,1	20,4	313,0	375,0
Clover	52,3	50,2	93,1	170,1
Lucerne	38,2	37,4	122,6	144,4
Grass-Clover Mixtures	17,7	16,3	53,3	59,3
Grass and Legumes Mixtures	13,1	13,3	35,2	39,5
Forage beet	1,8	1,5	14,4	16,3
Cereals and Legumes Mixture	2,1	2,0	5,1	5,0
Sweet pea	0,2	0,4	0,73	0,9
<b>Total</b>	<b>144,0</b>	<b>141,5</b>	<b>637,7</b>	<b>810,5</b>

Source: Agency for Statistics of BiH

Domestic production of fodder crops are predominated by clover being grown on 50.246 ha, followed by lucerne on 37.445 ha and maize for fodder being grown on 20.397 ha.

According to Production Growth Index, in 2008, fodder crops production noted positive growth trend, inter alia, clover by 82,5%, lucerne by 17,8%, forage beet 12,5%, maize for fodder 19,8%, grass-clover mixtures by 11,4%, and finally cereals and legumes mixtures by 0,9%.



## 1.7. ORGANIC PRODUCTION

The size of land surfaces covered by organic products in 2008 was 691 ha out of which 423 ha has been organically certified, while the remaining 268 ha is in the stage of conversion. The area of approximately 220.000 ha of agricultural land and forests is used for collection of aromatic and medical herbs. Compared to previous year, the areas covered by organic products increased by 194 ha<sup>2</sup>. The cost of products exported the EU market („OK“ certified only) amounted to 1.387.304,39 EUR. In 2007, the share of organic production in the EU market was 5%, generating about 1,5 million EUR.

<sup>2</sup> Source: Organic Control, data taken from producers using certification service „OK“



## 1.8. LIVESTOCK PRODUCTION

According to statistical data, production of milk, meat and eggs shown in the tables below, as well as livestock best represents the situation in livestock production.

Number of Animals (2007-2008)		
	Total	
	2007	2008
Cattle	467.986	459.218
Cows and Pregnant Heifers	343.100	339.068
Sheep	1.033.264	1.03.514
Breeding Sheep	781.173	743.872
Pigs	534.764	502.197
Sows and Pregnant Sows	127.138	95.662
Horses	25.408	22.909
Poultry	14.989.229	16.184.730
Layers	3.890.665	3.806.508
Goats	70.255	70.392
Rabbits	18.894	18.726
Bee hives	310.749	333.850

Source: Agency for Statistics of BiH

Livestock Production (2007-2008)		
	Total	
	2007	2008
Wool (t)	1.474	1.416
No. of Sheared Sheep	875.259	875.286
Per sheep (kg)	2	1.6
Eggs (000)	678.015	873.338
No. of Layers (000)	3.754	3.705
Per Layer (pcs)	181	236
Honey (t)	2.773	2.571
Per Hive (kg)	9	7.7

Source: Agency for Statistics of BiH

According to statistical data, milk and eggs production has noted a positive growth trend, i.e. milk production records increase by 1,8%, and eggs by 28,8%.

Slaughtered Animals and Poultry (2007-2008)		
	Total	
	2007	2008
Cattle (Total)	142.841	154.078
Calves	64.732	69.291
Young Cows/Bovine	58.471	61.364
Other Cattle	19.641	23.423
Sheep (Total)	103.242	94.679
Lambs	71.277	66.796
Other Sheep	31.965	27.883
Pigs (Total)	138.208	133.291
Piglets	29.257	30.807
Other Pigs	108.951	102.484
Poultry Total (000)	14.945	21.302
Fattened Chicken	14.566	20.796
Other Poultry	380	533

Source: Agency for Statistics of BiH

On the contrary, wool and honey production noted negative growth trend, i.e. wool production decreased by 3,9%, and honey by 7,3%.

According to statistical data, number of dairy cows in 2008 was 296.716, while milk production volume was 737.199.000 litre. Milk yield per cow was 2.485 litres<sup>3</sup>.

<sup>3</sup> Source: Milkprocessing d.o.o., Dairy sector in BiH in 2008 – characteristics and development trends

### Number of Dairy Cows and Milk Production (2007-2008)

	Production (000 l)		Index 07/06	Index 08/07
	2007	2008		
Milk	724.251	737.199	109,3	101,8
No. of Dairy Cows	306.844	296.716	98,1	96,7
Litres per Dairy Cow	2.360	2.485	111,4	105,3

Source: Milkprocessing d.o.o.

In 2008, the dairies have collected total volume of 233,9 million litres of milk, which is recognised as being 21% more than a year before. Total milk production per cow has been developing at the rate of 8% per year. Organised milk market (milk collection) is about 32% and it significantly increased in 2008. Milk production is much more developing in the RS, while marketing is greater in Federation of BiH.

### Milk Collection Review (2007-2008)

	Collection (000 l)	
	2007	2008
<b>FBiH</b>		
- FBiH dairies	92.978	109.073
- RS dairies	4.350	4.624
<b>Total</b>	<b>97.328</b>	<b>113.697</b>
<b>RS</b>		
- RS dairies	74.816	85.957
- FBiH dairies	17.550	32.016
<b>Total</b>	<b>92.366</b>	<b>117.973</b>
<b>DB BiH</b>		
- FBiH dairies	2.740	2.218
<b>Total</b>	<b>192.434</b>	<b>233.888</b>

Source: Milkprocessing d.o.o. and MAFWM of the RS

About 50,7% of total milk has been collected in the RS, followed by 48,4% in the FBiH and only 0,9% in BD BiH. In the last three years, milk collection has been growing at an average rate of 15% per year (FBiH 10,5% and RS 18%). The FBiH dairies, directly or through an intermediary, collected about 143,3 million litres of milk, out of which the FBiH has collected 76%, the RS and BD BiH altogether 24%. The RS dairies have collected about 90,6 million litres of milk, out of which 95% in the RS and 5% in FBiH.



## **2. FOOD INDUSTRY**

- Food Industry-Review
- Federation of BiH Food Industry
- Republic of Srpska Food Industry
- Dairy and Dairy Products Industry

## 2.1. FOOD INDUSTRY-Review

Food Industry in BiH has seen as insufficiently developed sector due to many different factors making the obstacle for development of this sector. In addition to many other factors, they are as follows: old technologies, expensive production, market contestability including unfair competition, slow and uncontrolled transition and many other similar factors. Moreover, domestic production largely depends on imported inputs and raw materials due to insufficient production of some crops in BiH which cannot meet the demand of existing processing capacities.

All of this is followed by one of the characteristics of local processing facilities, which is insufficient processing capacity, plus inadequately used processing capacities which, then cannot be competitive as large processors. On the other hand, there are no accredited laboratories for agro-food products quality control in BiH. Having in mind that existing food processing capacities in BiH cannot fulfil European standards, it is necessary to create more favourable ambience in order to achieve those standards.

Obviously, the capacities of large ex state enterprises are not sufficiently utilised due to impossibility to fulfil the required standards, while small and medium enterprises are of a local type, meaning they can employ only small number of workers. In addition, they are not capable of fast investments into processing.

Having in mind all existing problems, the strategic development of the food sector needs to be considered together with financial support as well as creating linkages with producers. Moreover, harmonisation with EU rules and regulations needs to be faster and more efficient.

Food Industry Review (2008)

	No. of facilities	
	FBiH	RS
Milling Industry	25	36
Milk Processing	29	25
Meat Processing	11	58
Fruit and Vegetable Processing	4	4
Confectionery Production	3	5
Beer and Alcoholic Drinks Production	5	15
Non Alcoholic Drinks and Mineral Waters Production	49	50
Vine Making	43	13
Tobacco Production	3	1
Sugar Production	-	2

*Source: MAWMF FBiH, MAFWM RS*

## 2.2. FOOD INDUSTRY – FEDERATION OF BiH

Almost all food industry is represented in the FBiH, except sugar, oils, ethil alcohol, barm production, malts, children food and dietary products.

As far as food industry is concerned, it is important to mention that some capacities were out of function in FBiH such as the following ones: Tobacco Factory Mostar, „Agrokomerc“ d.d. Velika Kladuša, „Frigos“ Čelić – fruit and vegetable processing and „Hepok“ Mostar, vine making industry.

The level of utilisation of the food industry capacities in FBiH has been shown in the table below.

## The Level of Utilisation of the Food Industry Capacities in FBiH (2008)

	%
Milling Industry	29,3
Milk Processing	54,6
Meat Processing	36,1
Fruit and Vegetable Processing	16,9
Confectionery Production	16,3
Beer Production	49,8
Non Alcoholic Drinks Production	43,2
Mineral Waters Production	16,0
Vine Making	15,9
Tobacco Production	61,1

Source: MAWMF FBiH

## Size of Food Production (2007-2008)<sup>4</sup>

	Unit	2007	2008
Wheat powder	t	122.628	115.023
Pasta	t	1.177	1.227
Fruit juices	000 l	8.259	6.902
Jams	t	3.078	1.993
Canned vegetable	t	5.386	3.656
Meal additives	t	767	754
Fresh meat of all types	t	4.481	6.300
Delicatessen	t	460	1.317
Sausages	t	9.589	14.626
Concentrated soups	t	128	126
Milk	t	64.721	78.513
Milk powder	t	411	291
Butter	t	307	406
Cheeses	t	1.952	2.568
Candies and cocoa products	t	2.733	0
Confectionery	t	4.140	5.022
Coffee	t	2.969	2.487
Beer	000 l	75.143	74.760
Vine	000 l	4.237	4.217
Refreshing non alcoholic beverages	000 l	198.820	134.179
Fodder	t	30.783	39.806
Cigarettes	t	4.370	4.283

The 2008 FBiH Budget, section 24-budget of MAWMF of FBiH, position „Transfer to Food Industry“ (Official Gazette of FBiH No. 97/07) allocated an amount of 1.251.300,00 KM to food industry. Financial subsidies to food industry have been introduced following the „Mid Term Development Strategy of Agricultural Sector of FBiH for the period 2006-2010“ with the objectives as follows:

<sup>4</sup> Note: statistical data do not represent the real situation of the processing in FBiH. It is estimated that the real processing is significantly higher than published data.

- *production increase, and expansion of the assortment,*
- *production modernisation and improving quality of products,*
- *increase competitiveness of domestic processors on both local and foreign markets,*
- *increase collection of agricultural products,*
- *increase employment,*
- *protection of geographical origin of the product.*

The MAWMF FBiH made a program of utilisation of funds following the criteria of “Transfer to food industry” in 2008, assuming to provide support to the following:

- *investment into food industry,*
  - *support to fruit and vegetable processing,*
  - *support to processing milk into cheese,*
- *co financing introduction and certification of the quality control and food security systems based on international standards in 2008,*
- *project design-construction a model of ULO cold stores (low level oxidation),*
- *organising seminars and workshops in all cantons aiming to educate food producers and processors about the importance of introducing quality control system and food security systems following international standards,*
- *Geographical Origin Certificates.*

In the FBiH, in 2008, Tobacco Company Mostar and „Hepok“ d.d. Mostar, have been privatised.

Any privatisation activities in 2008 resulted in contracts for sale of 67% of state capital to Tobacco Company of Mostar. However, by the end of 2008, the buyer did not fulfil the contracted obligations relating to no paid salaries to the employees from the previous period.

In 2008, all planned activities relating to sale of 67% of the state enterprise of „Hepok“ d.d. Mostar has been completed. A Contract with „Amko Komerc“ d.o.o. Sarajevo and AD „Vino Župa“ Aleksandrovac was signed on 10.10.2008. Sale of Tobacco factory of Sarajevo has been postponed due to the Proejct of the Government of Federation of BiH for merging two companies, Sarajevo and Tobacco Factory of Mostar.

For the time being, the only company in Federation of BiH, as far as privatisation of food sector is concerned, is „Agrokomerc“ d.d. Velika Kladuša, which was returned to FBiH Government by Decree on the authorisation of state capital share in „Agrokomerc“ d.d. Velika Kladuša. The FBiH Privatisation Agency offered several privatisation models as the options for this state company.

Late 2008, there has been a Law amending the Law on state enterprises (Official Gazette of FBiH No. 84/08).

### 2.3. FOOD INDUSTRY – REPUBLIC OF SRPSKA

As far as food industry in the RS is concerned, there are 553 registered enterprises<sup>5</sup>. Total number of enterprises that are at the stage of transition is 50, including fruit and vegetable processing, meat industry, milk processing, breweries, tobacco industry and beverages production.

There are nine enterprises that have seen as strategic ones for the RS, which included special programs for transformation of the ownership of state capital.

The RS Strategic Enterprises

	<b>Activity</b>
SC Banja Luka Brewery	Beer production
SC Tobacco Factory Banja Luka	Tobacco production
HPK „Draksenić“ Kozarska Dubica	Chemical processing of maize
SC Sugar Factory Bijeljina	Sugar production
SC „Vitaminka“ Banja Luka	Fruit and vegetable processing
SC Dairy Banja Luka	Milk processing
SC „Fruktona“ Banja Luka	Beverages production
SC „Sava“ Bijeljina	Fruit and vegetable processing
Fodder processing Factory Nova Topola	Fodder production

If we exclude these strategic companies remaining 41 are companies that have been organised following the principles of stock companies. Many of them, after having been transformed into stock companies are seen as very successful in the Stock Exchange and continued to transform their status. HPK „Draksenić“ is the only no privatised strategic company and it works with only 25% of its capacity. There are installed capacities of 50.000 t of the processed maize per year. Due to lack of raw materials and lost market positions, the development of this company is very much slowed down. As far as enterprises with smaller share of state capita are concerned (stock companies) no matter if they have been privatised in the meantime, the decrease in employment has been noted, insufficiently used capacities as well (about 30%) and extremely high financial debts. From the point of labour employment and utilisation of the available capacities, only several companies kept it at the same level with potential growth trend, and those are the following companies: A.D. „Vitaminka“ Banja Luka, A.D. „Mira“ Prijedor and A.D. „Vitinka“ Kozluk, Zvornik. The fruit and vegetable processing capacities with installed equipment being under bankruptcy stage now are: „Bosanka“ Doboj (25.000 t finalised products), „Sava“ Bijeljina (15.000 t finalised products) and „Foodprodukt“ Šamac (10.000 t finalised products). One of the most significant processors of fruits and vegetables is A.D. „Prijedorčanka“ with its exports to foreign markets. As far as breweries and beverage processors are concerned, it is important to highlight that Banjalučka pivara (Banja Luka Brewery) and „Vitinka“ Kozluk have kept their business at a successful level while „Fruktona“ Banja Luka cannot cope with certain problems. As far as meat industry is concerned, it is noted that all of the processors keep providing slaughtering and small services by being registered as individual work/shops.

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<sup>5</sup> Source: RS Government, „Information on the state and conditions of food industry with proposals of measures“, June 2008.

Based on the facts and figures of 2006 and 2007, it is noted that development of processing industry is far more faster than meat production (number of registered companies). Current level of meat production cannot meet the demands of local markets. There are much more processing facilities that may compensate obvious lack of products by having consumers strongly believe that safety of domestic products is the greatest, which can strongly encourage direction of meat industry development.

Milling and Bakery industry – it is important to mention that utilisation of the installed capacities largely depends on import of wheat. Storage and milling capacities differ from several thousands up to 50.000 t. However, technology levels of mills and storages differ as well. Ex state owned, huge, mills become stock companies now do have modern equipment (SC „Žitoprodukt“ Banja Luka) on the contrary of small private mills having old technologies and poor quality of products.

Agricultural Combinat „PIK“ Šamac faced bankruptcy stage now. However, on the basis of the plan adopted by the Assembly of Holders of Debt Claims, the company is obviously going to be reorganised and production will start soon. SC „Mlinsko pekarska industrija“ Modriča utilises only 30% of available capacities. After having been privatised, new owner did not improve status of the company and the future of the company seems fairly uncertain.

One of the largest companies in the region of Herzegovina is SC „Žitoprodukt“ Bileća with its main activity of milling products, followed by bakery and fodder production. This company has not been working for many years now due to unsuccessful privatisation process. Uncertain collection price of cereals (wheat) did not influence the increase of scope of production, on the contrary it even led to production stagnation of milling industry development. In the times to come, the same growth tendency is expected in milling industry due to unfavourable conditions for wheat production (small size parcels) and very low accumulation in this sector of production.

The following important companies deal with fodder production: „Alfa-Miks“ Donji Žabar, „Gold-MG“ Donji Žabar and „Agro-Trebinje“ d.o.o. Production is very much stable with the average volume of 25.000 t per year, and there are 70 full time employees in this industry.

The most significant companies in confectionary industry are as follows: „Mira“ d.o.o. Prijedor, „Aleksandrija“ d.o.o. Zvornik, SM „Eksport“ Gradiška, „Centrum“ d.o.o. Istočno Sarajevo and DRD „SWISSVON“ d.o.o. Trebinje.

The companies of „Mira“ Prijedor and „Aleksandrija“ Zvornik, have reached very high level of production. They are seen as great exporter since they got export licences and excellent export performance, and „Aleksandrija“ introduced ISO and HACCP standards proving their high productivity level as well as production of safe food.

If we take into account that only seven companies in the RS introduced HACCP systems, and all neighbouring countries are far ahead of RS (70% of companies possess export licences), it is obviously to introduce measures for industry improvement. Greater financial funds and more operational funds have to be allocated to this sector in order to make the RS Food Industry in line with their competitors.

In 2008, food industry sector was largely involved in designing the project for Milk production and processing at the level of BiH.

There has been a database designed for all processing activities by „Designing reference documents following BAT – techniques for food industry“.



## 2.4. MILK PRODUCTION AND DIARY INDUSTRY<sup>6</sup>

In 2008, there have been 35 dairy processing plants in BiH, i.e. 22 in FBiH and 13 in RS. In addition to these registered dairies, there have been several small family dairies.

According to the estimates of „Milkprocessing“ d.o.o., all operational dairies have capacity of 420 million litres (FBiH 260 million litres and RS 160 million litres) and about 59% capacities have been utilised. In 2007, 38 dairies had capacity of 410 million litres (FBiH 257 million litres and RS 153 million litres) and 50% capacities was utilised.

Dairies Structure as per Milk Processing Capacities(2007-2008)

Capacity (l/day)	2007			2008		
	No. of dairies	Processing (l)	%	No. of dairies	Processing (l)	%
>100.000	5	128.124.000	64,3	5	152.655.000	64,7
50.000-100.000	5	34.704.000	17,4	4	39.554.000	16,8
20.000-50.000	5	14.193.000	7,1	5	15.514.000	6,6
10.000-20.000	9	13.511.000	6,8	9	20.842.000	8,8
<10.000	14	8.666.000	4,4	12	6.780.000	3,6
<b>Total</b>	<b>38</b>	<b>199.198.000</b>	<b>100</b>	<b>35</b>	<b>235.345.000</b>	<b>100</b>

Source: Milkprocessing d.o.o.

The milk processing industry in BiH is totally privatised, but 5 dairies are owned by foreign companies. The share of these dairies in total milk processing sector is 57%. The trend of constructing new dairies has been hold up and total number of dairies is slightly decreasing. In last two year, 9 of them get out of business (FBiH 5 and RS 4).

However, production program has been significantly improved and expanded in comparison with situation before the war. It includes increase of value added products such as 10-12 new products including range of packing. The main production program of 27 dairies is still based on short lasting milk products (such as yoghurt, cream, fresh cheese). Cheese making program has been oriented toward three main types of cheese as follows: fresh, semi-hard cheeses and hard cheeses. However, cream cheeses, aromatised semi hard cheeses and similar products have not been introduced into local processing yet in despite of taking great share of cheese import to BiH, which again indicates there is market for this kind of products. The share of modern milk/sour drinks (low fat yoghurt, bio yoghurt, fruit yoghurt) has been increasing in processing of most dairies. It is important to highlight the efforts of small family dairies to include some brands, autochthon products into their production process such as cheese in ship skin pepper filled with cream and cheese, white salted cheese and similar products. Although the size of this production is very modest for the time being, the fact is that they become part of processing and they potentially may be the opportunity for small dairies development.

<sup>6</sup> Source: Milkprocessing d.o.o., Dairy sector in BiH in 2008 – characteristics and development trends

In 2008, dairies have processed the volume of 233,4 million litres of milk, meaning 17% more than in previous year. Federation BiH – dairies processed about 62% of total milk volume, while the RS dairies processed 38%. In last three years milk processing sector is developing at the average rate of 14% (FBiH 16% and RS 13%).

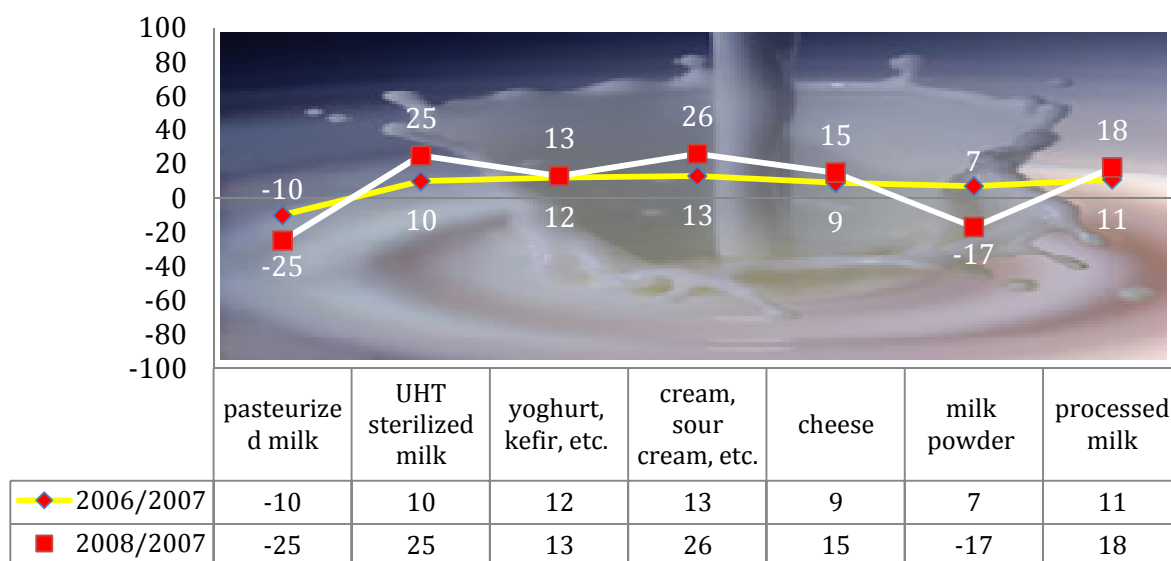
As far as general structure of milk processing is concerned, fluid milk products share is 76,6%, followed by cheese 19,2% and other products 4,2%. Structure of milk processing has not been significantly changed since 2002, meaning that predominant products are fluid products and UHT sterilised milk.

With regard to installed processing capacities, some serious changes cannot be expected in near future due to the fact that structure of milk processing in neighbouring countries and EU are much more favourable for long lasting products such as (cheeses, milk powder, and butter).

Production of Milk Products (2007-2008)

	Unit	2007	2008	Index 07/06	Index 08/07
Pasteurised Milk	ooo l	5.900	4.454	90	75
UHT Sterilised Milk	ooo l	100.027	124.679	110	125
Yoghurt and other fermented drinks	ooo l	32.546	36.893	112	113
Cream, sour cream	ooo l	12.151	15.386	113	126
Cheese:					
- hard and semi-hard	t	1.965	2.540	99	129
- fresh, mixed	t	2.902	2.435	130	85
- feta and similar	t	212	752	45	192
- other	t	186	332	80	178
Total cheese	t	5.265	6.059	109	115
Milk Powder	t	434	361	107	83
Milk butters and Kajmak	t	654	977	-	149
Butter	t	440	654	-	148
Processed Milk	ooo l	199.198	235.339	111	118

Milk Products Production Growth Index (%)



Compared to previous year, the size of production seems increasing with all types of products except pasteurised milk and milk powder production. The greatest increase has been noted in production of UHT sterilised milk, about 24,6 million litres, which is a kind of result of introduction of new processing facilities and significant growth of export performance. Although production of fermented products such as yoghurt and cream, at BiH level, is higher by 15% than in a year before it still keeps the low share in total milk production (19,2%). However, cheese production is encouraged with some seriously steps taken in the processing of long lasting chesses, hard, semi hard, salted, etc. While production of milk butters and creams noted great increase by 49% since last year it is notably developing and growing. Milk powder and butter do not take some significant share in total milk processing and they are only organised as secondary processing or to resolve some surplus of milk.



### **3. AQUACULTURE**

### 3.1. AQUACULTURE

Bosnia and Herzegovina has been recognised as the country with very favourable conditions for fish farming. Therefore, fish production is getting greater and it becomes serious exporter of fish. Natural potentials, and especially water resources make the basis for expansion of domestic fish farming.

Aquaculture (2007-2008)

	Production (000 t)	
	2007	2008
Californian trout	3.840	3.960
Carp	2.380	2.385
Chinese Carps (white amur, silver carp and bighead carp)	780	785
Sea fish (sea perch, dentex, gilthead)	215	220
Fresh waters trout	88	92
Shells (oyster, mussel)	84	87
Catfish	25	28
Freshwater rainbow trout	25	25
Pikeperch	5	7
<b>Total</b>	<b>7.442</b>	<b>7.564</b>

Source: Veterinary Office of BiH

The greatest share in this production is taken by production of Californian trout, followed by carps. It is significant to mention that production of young fresh waters trout is very important for open waters fish planting.

The Veterinary Office of BiH identified aquaculture as a priority development sector giving great export opportunities of fish and fish products. Therefore, there is the agreement with entity level veterinary inspectors that nominated veterinary inspectors whose responsibility is just to deal with BiH registered fish farms, meaning they control health conditions, veterinary sanitary conditions of those fish ponds. In addition to this activity, there have been a series of decisions which were not included into existing legislative, and they regulate aquaculture.

In December 2008, BiH entered into the list of countries that may export aquaculture products to the European Union market. This was significantly influenced by quality implementation of *Aquaculture Residues Monitoring Plan*, which was approved by EC that put BiH to the list of CD 2004/432/EC countries with approved aquaculture plan. Following the entrance into the list, the representatives of Veterinary Office of BiH together with representatives with authorised entity level bodies, carried out the control of fish farms potentially interested for export. Afterwards, on the basis of their status, they nominated four candidates for aquaculture products export, as follows: *Tropic Aquaculture, Žuvela HB, Laks and Norfish-Blagaj*.

Aiming to facilitate export of fish and fish products to the EU market, the Veterinary Office of BiH supported by FAO, jointly with entity bodies and owners of fish farms, designed the Project of *Improvement of Health Conditions of Fish and Security of Fish Products*. The Project was implemented in the period from July 2006 to May 2008.

Under the FAO Project, there have been three workshops organised in 2008, and project officially ended officially. One of these workshops was an International workshop and it included participants from neighbouring countries with the objective to share and exchange experiences in fish farming sector, and they all strongly supported the initiative of a regional project for strengthening the aquaculture sector. However, all these activities were strongly supported by FAO.

This Project provided equipment for reference laboratory for fish viruses as well as training of laboratory staff which was organised in reference laboratory of the EU, in Denmark.

Activities related to National Aquaculture Strategy have continued beyond the end of the Project. The Strategy seems to be in its completion stage and needs to be published.

The Strategy covers the following programmes:

- *Legislative and Institutional Framework;*
- *Risk Analysis and Quarantine;*
- *Diagnosis and Health Certificates;*
- *Supervision, Monitoring and Reporting;*
- *Crisis Management;*
- *Capacity Building;*
- *Research Work and Development;*
- *Communication and International Cooperation;*
- *Resources and Financing.*

Implementation of this program has been anticipated through several projects taking into account goals and objectives of each of these individual programmes.

The activities related to keeping this status of export country for aquaculture products as well as looking for acquiring status of export country for fresh fish have continued. Activities on export of fresh fish have been implemented for the four years, i.e. monitoring of virus diseases of fish within all registered fish hatcheries in BiH. Monitoring activities have been done on the basis of the Directive on control of infectious and parasite diseases of fish, their implementation and financing.

In the context of development of fish farming in BiH, on the day of 19.12.2008 there was the official opening of modern fish hatchery on Krušnica River in Bosanska Krupa.



*Fish hatchery opening*



*Bosanska Krupa hatchery*



*Technology testing*



*The first products*

Remaining works on this fish hatchery, in order to finalise the process of hatchery production, will be completed by the middle of next year, while project activities will continue until the end of 2009.

This fish hatchery is result of the project of GCP/BiH/003/NOR *Support to Income Generation Through Establishment of a Fish Hatchery in Bosnia Herzegovina* started in July 2003. Main goal of this project is to employ war veterans/invalids in municipality of Bosanska Krupa through construction of fish hatchery. The Project has been financed by Norweign government and it's been implemented by Food and Agriculture Organisation of the United Nations (FAO). Fish hatchery will produced trout and grayling for which there is great demand on BiH market. The fist round of production has already started and it will last for next three months.

#### **4. FORESTRY**

- Forestry
- The BiH forestry sector strategic activities



#### 4.1. FORESTRY

As far as BiH forestry is concerned, it may be noted that BiH forestry is very diversified and rich in forests. Forests and forestry land covers about 2,7 million ha of land. The share of ownership structure is about 80% is state owned and 20% is privately owned.

The BiH forestry sector has been regulated on entity level, while the coordination activities for outside have been the responsibility of MoFTER BiH. Pursuant to existing Laws, the owners of the forests are FBiH, RS and BD BiH.

Article 17. of the Law on Forests (Official Gazette of FBiH No. 20/02, 29/03 and 37/04) regulates making the *Forestry Program* of FBiH. This Program has to follow internationally taken obligations and agreements, and it needs to define general forestry policy as well as management of the wild animals in the forests of FBiH. Moreover, it has to be oriented toward preserving and longevity of forest management including maintenance and improvement of biodiversity of forests and forestry land. Forestry program consists of two parts, as follows: general part has to be made by the FBiH Parliament, and executive part by the FBiH Government.

The Counsel for the FBiH Forestry Program has been established in 2008. They have already designed the plan and activity plan with budget. The program completion is expected in 2010.

However, some activities relating to new Law on Forests have started. A working group has been established and it includes all stakeholders. Draft materials have been prepared and submitted for comments to all stakeholders. Activities on Law preparation should be completed in the first quarter of 2009.

It is necessary to harmonise Law on Hunting, Law on Forestry and Horticultural Seeds and Seedlings with *Law on Violations*.

In the period from 2009-2010 the following activities have been planned:

- Carrying out activities on designing new Law on Forests, amending and harmonisation of Law on Hunting, Law on Forestry and Horticultural Seeds and Seedlings;
- Taking on steps in overall implementation of Law on Forests including establishment of cantonal forestry institutions ;
- Amending the Article 60, Section 6 of the Law on Forests – control of calculations and deadlines for payment of fees for use of forest functions (make a new rulebook as well as authorise Tax Administration for supervision of implementation of measures);
- Amendments of the Rulebook on procedures and timeframes on forest sale (Official Gazette FBiH No. 19/04) – amendments relate to the establishment of cantonal committee that would be responsible for field inspections;
- Further activities on establishment of new hunting zones in FBiH pursuant to the provisions of the Law on Hunting (Official Gazette FBiH No. 4/06);
- Monitoring the implementation of the provisions of the Law on Hunting and By Laws (highlighting establishment of new hunting zones and their management);

- Monitoring the implementation of provisions of the Law on Forestry and Horticultural Seeds and Seedling and By Laws (Official Gazette FBiH No. 71/05);
- Involvement into joint activities relating to harmonisation of the rules with EU rules and regulations;
- Making comments, recommendations, suggestions on the other draft laws.

Moreover, it includes other activities such as the following ones:

- Monitoring and implementation of the components of the „BiH Forestry Development and Protection Project“;
- Continuous monitoring and data collection on implementation of II National Forestry Inventory on a large scale areas of BiH;
- Initiating activities on Action plan on preventing illegal activities in forestry sector and wood industry, i.e. collection of all relevant data and their annual presentation at the joint meeting with the World bank, OHR, USAID, all forestry stakeholders and institutions, non governmental organisations as well as wood industry;
- Monitoring implementation of the provisions of the Decision on general conditions of state owned timber products selling within FBiH (Official Gazette of FBiH No. 13/08) by cantonal forestry companies;
- Continue the activities initiated in 2008 in cooperation with Federation Advocacy relating to registry of stat forests and forestry land of BiH-FBiH;
- Active involvement, to the extent of its authorities, in the process of extraction and protection of forestry eco systems, especially those ones with biodiversity values;
- Ongoing activities (permits, decisions, administrative acts based on Law on Forests, Law on Hunting and Law on Forestry and Horticultural Seeds and Seedlings).

New *Law on Forests* has been enacted in 2008 in the RS as well as the *Law amending the Law on Hunting*. Additionally, a *Draft Law on Hunting* has been prepared as well as all supplementary By Laws resulting from the *Law on Forests*, but not being published in 2008.

Within the framework of all ongoing activities, there has been Terms of Reference designed for the RS *Forestry Development Strategy*.

Some Technical Assistance has been anticipated under the Project of Forestry Development and Protection/additional financing. The Technical Assistance is expected to support designing of the RS Forestry Development Strategy that will respond to the following issues:

- *What would be the sustainable direction of the RS Forestry Sector Development in the period from 2009 - 2019?*
- *What would be the ways for the RS to increase capacities of the forestry sector, improve the state of forests and create conditions in compliance with modern European Forestry?*
- *What would be the ways for the RS to identify more profitable forestry sections and timber industry within the overall development of RS?*
- *What would be the ways of implementation of the activities leading to more modern and increased efficiency in timber industry?*

Development of the Strategy should involve any potential stakeholder and institutions that are related to forestry and timber industry in any way. Aiming to design as good strategy as possible, there will be an Advisory Body. All activities will be led by the Working Group which will comprise different Focus Groups for specific subjects. The Working Group, based on the work plan, will permanently work on designing the strategy, and it will report to this Advisory body and ask recommendations for further steps. All these issues will be elaborated in many workshops and final public discussion which will enable all stakeholders to be involved in this work.

Moreover, the second phase of Forestry Inventory on large scale plots has been completed in BiH and RS. Some 500.000 hectares has been surveyed in 2008. Action plan for prevention of illegal actions in the forestry sector and timber industry in BiH and RS has been continuously implemented in 2008.

The following activates have been planned in the year of 2009:

- To enact Law on Forest Trees Reproduction Materials;
- To enact new Law on Hunting;
- To enact the RS Forestry Development Strategy;
- To enact any By Laws regulated by Law on Forests;
- To enact any By Laws regulated by Law on Hunting;
- To continue implementation of the Forestry Development and Protection Project;
- To establish Forestry Agency and secure its work.

#### **4.2. THE BIH FORESTRY SECTOR STRATEGIC ACTIVITIES**

##### **The second inventory of forests on a large scale parcels in BiH**

The Inventory will provide the latest and integrated data on the state of the forests, conditions, management quality, potential biological diversity and cadastral data. In addition, the project would ensure collection of data, in addition to inventory data, on critical forestry eco systems to serve as a basis for protection/perseverance of forests and biological diversity. Moreover, it will strongly support making the Standards in forest management in both entities.

##### **Forestry management Information System based on GIS**

The objective of this project is data standardisation based on type and size, increase level of processing in order to reduce the difference between available equipment and active processing, accelerate exchange of information amongst forestry institutions responsible for forestry management. The equipment has been procured as well as organisational model of the system. The following step is data entry, designing application and staff training. This system, based on GIS, will be used by field managers and central management offices as very important management tool for planning, management, monitoring, and supervision on all forestry operations. The System would cover all public forests as well as private ones if the ownership has been officially registered.

### **Forestry Certification State Standards**

A process of designing the standards has been made in accordance with instructions given by Forest Stewardship Council (FSC). The FSC is an International organisation that provides systems for forestry groups in order to implement proper management of forests. State standards have been strictly following the principles and criteria of the FSC.

The following step is to work on adoption of Standards Proposal by the FSC-Counsel, followed by institutionalisation of the State Working Group.

### **Monitoring of health condition of forests**

Monitoring of health conditions of the forests is at the stage of preparation and it will last for three years. Dynamics has been designed and presented. The next steps include bio identification spots to be set up, as well as staff training and networking into information system.

### **Action plan for prevention of illegal activities in forestry sector and timber industry**

The Plan has been operational for three years now and it really made significant results in prevention of illegal operations in forestry sector.

### **Forestry Development and Protection Project**

The 2008 Forestry Development and Protection Project have been successfully completed. Additional financial funds for this project become effective on the date of 26.02.2008 and it last until 2011. The additional financing project would enable the following:

- completion of Forestry Inventory, following the lessons learned in previous project as well as capacities built in the first inventory stage;
- more detailed development of the information system, bringing it closer to the objectives of the first project;
- support implementation of action plans and programs of reforms under the first project, which would improve management models.

## **5. RURAL DEVELOPMENT**

## 5.1. RURAL DEVELOPMENT

According to Law on Agriculture, Food and Rural development of BiH, the rural development means set of policies, measures and activities with the objective of overall economic, cultural and social development of rural population. All of that needs to be implemented and planned following the principles of sustainable development and environment friendly practices.

There is an active rural development policy of the EU. Basic rules and measures regulating the policy of rural development that are available for member countries and regions have been determined by the Directive of the EC No. 1698/2005.

The EU Policy criteria are as follows:

1. Coherent state strategy of rural development;
2. State strategy plans in line with strategic guidelines of EU;
3. Recognising those areas where EU rural development would create value added support;
4. Establish and determine linkages with other programmes and priorities;
5. Ensure consistency with other EU policies (economic and social cohesion – including regional development and environment).

The objective of Rural Development component of IPA (IPA-RD) is to provide assistance to candidate states to prepare rural development programs which will be financed by the EU after accession, by implementing pre-accession assistance. However, this pre accession assistance needs to be done through the systems which are similar to those ones needed after the accession, in the context of pre accession. Therefore, these conditions and criteria widely reflect the ones that are applicable in member states rural development.

The field of interventions of IPA Component V – Rural development (*Implementation of Directive No. 718/2007 (article 171), the EC Directive No. 1085/2005 of IPA, which requests establishment of the bodies and institutions which are manage the component V under decentralised management system*) are as follows:

- Increase competitiveness of agricultural-food sector (improved market efficiency and EU standards implementation);
  - investments into agricultural farms for reorganisation and standard improvement,
  - support to development of group of farmers (producers' association),
  - investments to processing and marketing of agricultural products,
- preparatory activities for implementation of rural environment protection;
- improvement of rural livelihoods, diversification and development of rural economic initiatives.

As far as BiH legislative is concerned, there is great inconsistency of present laws and current EU acquis for rural development, and institutional capacities of BiH.

Main gaps are as follows:

1. BiH does not have an overall strategy with framework, objectives and approach to rural Development;
2. There is no policy or legal regulation for different regional rural development;

3. There are no long term and annual documents for rural development programming, and there are very few or almost no communication with rural communities and NGOs relating to priorities selected by Governments for support in the infrastructure and social conditions of rural development;
4. Implementation mechanisms have not been fully developed. Moreover, there is no adequate and transparent criteria on the project acceptable for financial support under governmental programs;
5. No capacities and implementation agencies for data collection, monitoring and evaluation of the programmes and projects with the objective of evaluation of the efficiency, effectiveness, impact and sustainability;
6. No adequate state frameworks for more efficient international support through coordination and integration of programming and planning. Moreover, there are no such implementation projects that would enable testing of different models suitable for the BiH rural development.

The objectives of the BiH agricultural, food and rural development policy have been defined by the BiH Law on Agriculture, Food and Rural Development covering the following:

1. Promote development of diversified, sustainable, competitive sectors of agriculture, food and rural development,
2. Ensure integration and harmonisation processes with the EU,
3. Encourage diversification of economic activities, improve employment opportunities and income generating activities and quality living conditions in rural areas,
4. Ensure access and availability of food of highest quality,
5. Ensure rational use and protection of natural resources and biodiversity.

Rural development, i.e. specific objectives have been defined by the Strategic Plan of BiH for Harmonization of Agriculture, Food and Rural Development 2008-2011:

1. Gradually harmonise policies and mechanisms at state, entity and cantonal levels, both within BiH and EU. Moreover, ensure gradual harmonisation with EC Decree of IPA-Rural development No. 1085/2006 and its implementation Decree No. 718/2007;
2. Progressive establishment of adequate institutional structures, capacities and procedures at state and entity levels in order to secure management of pre accession preparations for harmonisation and gradually adoption of Agriculture Acquis Communautaire.

This Strategic plan defines the goals of rural development, identifies programmes, measures and other elements for achieving these goals. It sets up monitoring and evaluation mechanisms and makes a framework estimates for financial support they need as well as procedures for use of them. Strategic plan is the one that creates the basis for all the other plans and programs relating to rural development at all levels of BiH authorities.

The implementation of the Strategic plan of BiH is planned for the period of next three years, according to timeframes adopted under the 2008-2011 Operational Program. Strategic Plan and Operational Program provide all necessary steps for the preparation of the sector at all administrative levels for application and use of EU IPA Rural Development funds until 2011.

BiH must develop the Strategy that will enable the sector to be ready to receive IPA-RD funds. It requests the following:

- Establishment of National Strategic Plan for Agriculture and Rural Development of BiH;
- Introduction of favourable institutional framework for efficient implementation covering the following:
  - Agriculture and rural development Management/Coordination body;
  - Sector Monitoring Committee;
  - Sector Payment Agency in compliance with EU;
  - Use of national funds for development of pilot measures and monitoring and evaluations at all levels.

There is the opportunity for great support in implementation of aforementioned objectives through the *Strengthening Rural Development Programming Capacities of BiH*, which will be financed by IPA 2007.

General objective of the project is a sustainable, competitive and dynamic agricultural sector, including food and forestry in BiH through strengthening management structures, harmonisation and bringing in sectors of EU through increased economic and social development of rural communities.

The purpose of this project is to strengthen rural capacities for rural programming including rural payments in BiH by promoting participative bottom-up approaches in managing rural development measures through demonstration of pilot activities.

The Project would provide support to respective Ministries to implement regional and local approaches in rural development programming, reflecting, in that way, the needs of different administrative regions rural development plans which need to be included into national rural development program. The content of this program should be in compliance with acquis and approved by BiH stakeholders. The Project would support respective Ministries in preparation of rural development plans based on involvement of interest groups. Moreover, it would support MoFTER in development of further steps for present and future measures of rural development in order to make them implemented within the timeframe (selected, contracted, paid) in order to avoid facing the situation of having budgetary funds unused. The Project will develop general approach of planning for all rural municipalities in BiH making them playing significant role in integrated rural development actions for which there are budgetary funds available.

In order to ensure efficiently financial management of budgetary funds and increase transparency and responsibility of entire program, the Project would provide support in updating and strengthening financial management of agricultural subsidies and rural development strengthening. The training will be provided to respective Ministries for preparation and implementation of the procedure and the system.

Moreover, the Project will certainly review the application procedures and information flows at local and regional levels relating to payments in agricultural subsidies and rural development. This will be followed by detailed action plan for adaptation of these programmes, procedures, communication, and public relations. Moreover, there would be programmes for public relations in order to improve information dissemination and increased participation and created awareness of the new scheme.



Creating awareness amongst potential beneficiaries should be dealt with special attention. They should be fully aware of the future IPA-RD programme in order to be ready when it comes. It includes environment protection, food security according to cross-compliance criteria and other real issues that need to be fulfilled for use of future IPA funds.

Entity Ministries of Agriculture and BD BiH supported Rural Development according to their capacities and deigned measures.

As far as F BiH is concerned, under their 2008 Subsidy program they included – project designs, designed proposals of measures for *Rural Development strategy* of F BiH. Further activates have not been anticipated under the 2009 subsidy program.

The Strategic Plan of BiH for Harmonization of Agriculture, Food and Rural Development 2008-2011 led to Operational Program of F BiH covers six priority fields, i.e. the fourth, fifths and sixths relate to measures for rural development:

- Priority field 4: *Increase competitiveness of agro food sector of F BiH through indirect measures for production, processing and trade (no link to production);*
- Priority field 5: *protect rural environment of F BiH through support to agricultural environmental project support;*
- Priority field 6: *Diversify activities in rural economy and improve rural living conditions in F BiH.*

Under the 2008 Subsidy Program, the MAWMF F BiH initiated shifting direct support to products into indirect financial support to *Capital Investments and Farming Households Investments* - Rural development. Increase competitiveness also was implemented through the measure called *Support to young farmers*.

Under priority field 4 the following pilot measures are to be introduced:

1. *Investments into dairy farms,*
2. *Investments into meat farms,*
3. *Investments fruit and vegetable farms,*
4. *Investments into crop farms,*
5. *Investments into processing,*
6. *Investments into producers' associations,*
7. *Investments into land consolidation.*

Aforementioned measures have not been individually mentioned under 2008 Subsidy Program, but they have been included under the measure of *Investments into farming households*, thus making them available for applications for subsidies.

Measures for Investments into producers' associations and Investments into land consolidation have been introduced in 2008 Subsidy program independently from rural development measures.

By the FBiH Operating plan for agriculture, food and rural development under priority field 5, the following measures have been laid down:

1. *Pilot measure on investments into introduction of ecologically acceptable organic agriculture,*
2. *Support to autochthon and traditional plants and animals as well as many other measures in sector of forests and timber industry and waters.*

Under priority field 5 and 2008 Subsidy program of the MAWMF FBiH, there are two support measures, such as:

1. *Support to rural areas with more difficult economy position,*
2. *Support to organic agriculture.*

Measures of support to autochthon and traditional plant products have been included under *Additional activates*.

Measures from the fields of forestry, timber industry and water shave not been included under rural development measures.

By the FBiH Operating plan for agriculture, food and rural development under priority field 6, the following measures have been laid down:

1. *Rural diversification and generating employment opportunities,*
2. *Investments into local infrastructure,*
3. *Investments to support rural tourism,*
4. *Promoting the approach and availability of consulting and advisory services.*

Under priority field 6 and 2008 Subsidy program of the MAWMF FBiH, there are two support measures, such as:

1. *Additional activates,*
2. *Rural infrastructure.*

These two measures enabled applicants to apply for all four measures planned by Operating Plan for agriculture, food, and rural development of FBiH. Field visits of beneficiaries has been planned, but still not implemented due to some technical reasons in 2008.

RS has designed Strategic plan of rural areas development and submitted it to the RS Government for the adoption in 2008.

By research program and Strategic plan for rural development, the RS gets scientific and professional support and preconditions for practical implementation of long term rural development. These documents have been the basis for permanent development orientation. Strategic plan of rural development, and rural communities through its model and modern structure of development have been based on the following:

- Creating conditions for restructuring and sustainable development of rural activities, by increasing competitiveness of farmers,
- Development of economy, services and other activities which are in compliance with environment protection, protecting cultural and historical and traditional values, etc.

- Improvement of the accessibility of public goods in rural areas in order to increase rural living conditions as well as prevention of negative demographic movements, and
- Harmonisations needed for BiH accession to EU.

The overall objective of the RS Rural development strategy is, on the basis of socio economic survey and analysis, define the key problems and obstacles in rural development of the RS areas and propose measures for resolving them.

The specific objective of the RS Rural development program is to direct the rural development towards the MAFWM and the RS Government through practical capacity building of the administration, which needs to be in compliance with RS requests and EU practice.

Strategic objectives of the RS rural development for the period until 2015 are as follows:

1. *Improve competitiveness of agriculture and forestry,*
2. *Natural conservation and rational management of natural resources,*
3. *Improvement of rural living conditions and introduction of greater diversification in income generating activities in rural economy.*

Implementation on the overall Strategy Plan of rural development of RS anticipates three strategic goals, 16 specific objectives, 54 measures and 161 sub measures. In order to implement this scope of activity objectives, measures and sub measures of the Strategic Plan, in the period from 2009-2015, detailed analysis anticipates the amount of 1,7 milliards KM, i.e. more precisely the amount of 1.716.867.500 KM. Dynamics for this period includes investment of 190 million KM in 2009, and in the last year, 2015 it would be in the amount of 287 million KM, with average annual growth rate of 6,2%.

As far as BD BiH is concerned, they prepared the *Strategy for development of agriculture, food and rural development of Brčko District BiH for the period of 2008-2013.*

Until now, the rural development policy of BD has not had any clear vision, with no overall objective and precisely determined strategic directions.

New rural development policy of the BD BiH has been seen in ways of accessing EU coming closer with harmonisation of policies of rural development to EU, in their context by having included principles, approaches and visions of the overall development of rural areas in the EU countries. Since BiH, including BD as its integral part, is committed to become integrated into EU, their ways include harmonisation of policies such as rural development policy. After designing strategy objectives of rural development of BD BiH, this was a leading point in defining the goals and measures.

Rural development of BD BiH, defined by the Strategy goal number 3: *promote rural development and provide conditions for good living conditions of rural population with protection of traditional values of rural areas, as well as environment protection. Under this strategic goal, there are some specific objectives that have to be achieved in order to achieve the general strategic objective (3.1. build physical and social rural infrastructure, 3.2. support diversification of economic activities in rural areas, 3.3. protect tradition, customs, culture and environment of rural areas, 3.4. develop private public partnership for planning and applying for rural development programmes).*

In developing BD BiH Rural development Program and defining project activities, one of the main presumptions for rural development is construction of rural infrastructure. Further on, as far as other types of support are concerned, they relate to physical and social infrastructure, aiming to create more favourable condition for rural living conditions. Sustainable management of the resources and protection of the environment play significant role in future policy of rural development of BD BiH.

The BD BiH Rural development covers thirteen planned projects.

Entity Ministries and BD BiH have allocated significant funds for support to rural development in 2008.

The rural development support in FBiH amounted to 6.512.000 KM which is 12,37% of total allocated agricultural budget. Rural development support in 2007 amounted to 3.338.000 KM. Rural development committee processed 1.891 applications for 2008, for eight measures, excluding the measure *Increase the size of farm*. However, this measure was included into subsidy program of 2007, but due to lack of funds for this type of support (*based n the FBiH Government decision of December 2007*), it was included and paid out if the subsidy program of 2008.

Review the FBiH Rural Development Measures (2007-2008)

	2007	2008
	Amount (KM)	
Investments into farming households	-	1.000.000
Support to young farmers	-	500.000
Increase of farm size ( <i>from 2007</i> )	0	1.100.000
Support to areas with more difficult economy conditions	-	1.000.000
Organic agriculture	372.500	300.000
Additional activities	200.000	312.000
Rural infrastructure investment	-	1.200.000
Protecting and handling of farm land	-	1.100.000
Modernisation of farm households	955.500	-
Less favourable areas	1.386.000	-
Rural inheritance	174.000	-
Autochthon plants and animals	300.000	-
<b>Total</b>	<b>3.388.000</b>	<b>6.512.000</b>

Source: MAWMF FBiH

Support to the RS rural development amounted to 9.385.386,77 KM, which is 9,02% of total agricultural budget. The 2007 rural support amounted to 6,069,518 KM. Out of total number of applications for subsidies, (14.478), and 610 were for rural development.

### Review of the Rural Development Measures (2007-2008)

	2007	2008
	Amount (KM)	
Farm registration	265.782,00	1.131.456
Improvement of agricultural production competitiveness	579.685,60	480.120
Economic, social revitalisation of rural areas	595.971,60	2.162.166
Support to revitalisation of rural infrastructure	3.050.128,93	3.663.395
Support to professional programs, trainings and education	181.363,00	530.717
General funds for rural development	1.166.239,20	600,808,85
Milk quality control program	21.594,92	386.343.85
Protection of autochthon genetically resources	60.000,00	4.800,00
Designing strategy documents of rural development	148.753,00	191.000
<b>Total</b>	<b>6.069.518,25</b>	<b>9.385.386.77</b>

Source: MAFWM RS

Overall BD BiH rural support amounted to 1.313.467 KM, and in the year of 2008. It was implemented through Subsidy Plan for agricultural development, and through different projects.

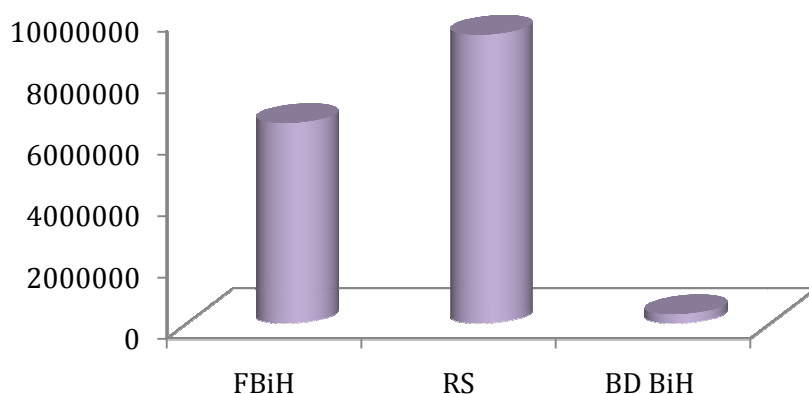
Out of this subsidy plan, there have been measures that are significantly contributing to product competitiveness such as:

- Investments into new sowings – 20.479 KM;
- Investments into farm mechanisation and equipment - 226.161 KM;
- Global gap - 39.821 KM;

While the projects covered:

- Rehabilitation of rural roads and agricultural channels in 2008 (out of total amount, 118.385,18 KM relates to 2007 projects that have been paid in 2008 266.297 KM);
- Maintenance of water facilities and water flows, followed by channel network amounts to 760.707 KM.

Support to rural development



## **6. AGRICULTURAL AND FOOD TRADE AND FOOD TRADE POLICY**

- Agricultural and food products trade
- Structure of agro food trade
- Trade policy

#### 6.4. AGRI FOOD TRADE

The total share of agricultural product<sup>7</sup>t import in 2008. was approximately 2.620,14 million KM which equalled a share of 16,09% of total imports. 2008 Agro food exports amounted to some 410,10 million KM which equalled a share of 6,11% of total BiH exports.

Agricultural Trade (2007-2008) (million KM)

	Import	Export	Share
<b>2007</b>	2.211,10	336,60	15,22%
<b>2008</b>	2.620,14	410,10	15,65%

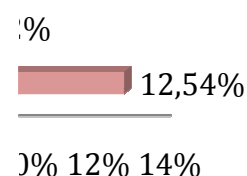
*Source: Agency for Statistics of BiH*

This trend resulted in increasing the share of agro trade in 2008 by 26,23% compared to 2007 while imports increased by 17,02%. Agricultural imports represented approximately a mere of 15,65% of the agricultural food exports. This is not satisfying percentage, but if take into account, fluctuations of previous years, than we may say that the share is far better.

#### 6.5. STRUCTURE OF AGRI FOOD TRADE

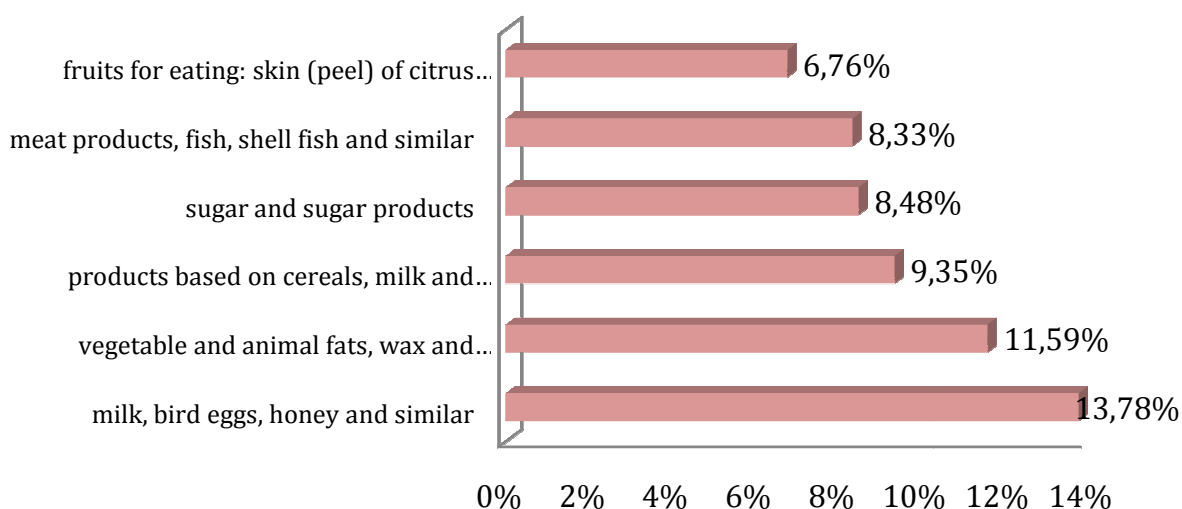
By screening the data on individual customs tariff, the situation significantly vary from product to product.

In some group of products BiH noted a great percentage of coverage. For example, fish trade, a percentage is 67,09%. On the other hand, low BiH production (live animals, fresh meat, crops, etc.) logically looking, note minimum percentage. Maybe, the most interesting group of products, are the ones that are largely produced in BiH, therefore their share in exports is significant. The following products are included into this group of products: milk and milk products (40,74%), fruit and vegetable products (48,28%), plant materials (65,22%), oils and fats (37,60%), meat processed products (36,09%) and sugar processed products (23,90%).



<sup>7</sup> Custom tariff 1-24

Most common agri-food products in export (2008)

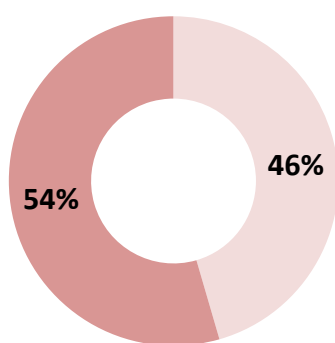


By analysing previous year, the trend of share of trade of agricultural food products with foreign countries has been growing from year to year. It is an encouraging signal and indicator of increased competitiveness of agricultural and food industry.

The most significant BiH trading partners have been Croatia, Serbia, Montenegro and Macedonia mainly because traditional trade relations, habits of consumers and open markets of these countries by signing the CEFTA Agreement in 2006.

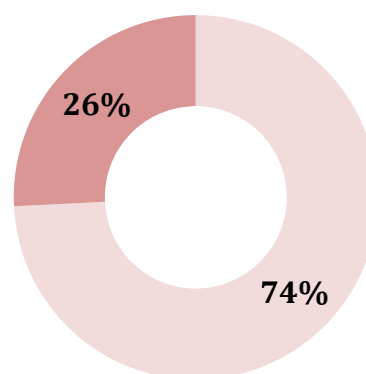
Share of CEFTA-member countries in agri-food products import

■ CEFTA ■ Other countries



Share of CEFTA-member countries in agri-food products export

■ CEFTA ■ Other countries



Croatia and Serbia have consistently been the BiH most important trading partners.



agri-food  
-member

r countries in  
port in BiH



Overall value of 2008 agro food imports amounted to 2.620,14 million KM which equals to 16,09% of total imports. Out of that, Croatian share amounts to 627,86 million KM i.e. 23,96% of total imports of agricultural products, and 7,16% of total BiH imports in 2008. Overall value of BiH agricultural exports in 2008 amounted to 157,58 million KM which equals to 38,42 % of total export of BiH agricultural products.

Foreign Trade with Croatia and Serbia (2007-2008) (million KM)

	2007	2008	Increase/decrease 2007/2006	Increase/decrease 2008/2007
Import from Croatia	733,71	627,86	24,16%	-14,43%
Export to Croatia	125,22	157,58	36,58%	25,84%
<b>Total</b>	<b>858,93</b>	<b>785,44</b>	<b>25,82%</b>	<b>-8,56%</b>
Import from Serbia	430,61	538,15	8,14%	24,97%
Export to Serbia	65,53	85,95	-20,16%	31,16%
<b>Total</b>	<b>496,14</b>	<b>624,1</b>	<b>3,30%</b>	<b>25,79%</b>

Source: Agency for Statistics of BiH

The overall value of trade between Croatia and BiH in 2008 amounted to 785,44 million KM, which means decrease by 8,56% in comparison with the same period of the last year, when total trade amounted to 858,93 million KM. This trend resulted in decreasing share in total imports in comparison with year before, which equalled to 14,43%, and Export increased by 25,84%.

The overall value of trade between Serbia and BiH in 2008 amounted to 624,10 million KM, which means increase by 25,79% in comparison with the same period of the last year. The import from Serbia in 2008 amounted to 538,15 million KM, while export amounted to 85,95 million KM in comparison with 2007. The import share increased by 24,97% while exports show the growth by 31,16%.

Total value of imported wheat in 2008 amounted to 140.839.492,06 KM, i.e. 326.806,01 t, while in the year of 2007 it amounted to 374.703 t. However, the greatest volume of wheat was from Hungary (83,88%).

In addition to wheat, other crops have been also imported in the total value of 21.851.238,53 KM. The greatest import of maize amounted to 182.788,67 t.

#### Wheat and Rye Import (2007-2008)

	Quantity (t)			Quantity (t)	
	2007	2008		2007	2008
Hungary	99.988	274.155,22	Austria	5.435	50,95
Serbia	56.646	22.637,11	Slovenia	-	24,00
Croatia	210.585	21.422,08	Italia	-	3,80
Romania	-	6.184,46	Turkey	-	0,60
Cyprus	-	754,40	Germany	-	0,01
Panama	201	669,67	Ukraine	-	0,05
Slovakia	1.245	601,48	SAD	125	-
Switzerland	478	302,18	<b>Total</b>	<b>374.703</b>	<b>326.806,01</b>

Source: Indirect Tax Administration

Total value of fruit import in 2008 was 141,877,61 t, while in 2007 it was 141.130,83 t. Total value of imported fruits in 2008 amounted to 109,1 million KM, which equals to 4,16% of total agricultural food products import. Value of imported fruits in comparison with previous year is increased by 4,40%.

#### BiH Fruit Import (2007-2008)

	2007			2008		
	t	%	KM	t	%	KM
Banana	36.143,59	25,5	32.987.078	35.302,00	24,8	29.800.303
Citrus	41.514,85	29,4	29.518.662	45.044,20	31,74	33.900.795
Peaches and nectarines	4.155,06	2,9	3.332.341	3.664,28	2,58	3.070.048,69
Ananas	-	-	-	507,78	0,3	620.106,58
Peaches	-	-	-	341,20	0,24	416.485,29
Sour cherries	3.685,21	2,6	1.985.519	1,9	1,48	988.611,60
Kiwi	2.829,39	2,0	1.953.033	2.399,28	1,7	2.074.627,77
Water melons and melons	11.764,22	8,3	3.890.130	9.376,54	6,60	3.383.360,64
Apple	20.434,35	14,4	9.207.492	25.502,85	18	11.054.284
Plums	5.232,21	3,7	1.452.529	4.256,24	3	1.308.285
Pear	3.031,64	2,1	2.593.817	2.276,80	1,6	2.357.057
Table grapes	4.863,80	3,4	4.990.048	6.773,29	4,7	6.578.795
Other grapes	-	-	-	3.370,69	2,3	2.810.519
Nuts	967,81	0,7	5.778.855	1.907,79	1,3	9.276.426,68
Other fresh fruits	-	-	-	683,79	0,5	1.461.894,63
<b>Total fruits</b>	<b>141.130,83</b>	<b>100</b>	<b>104.567.516</b>	<b>141.877.61</b>	<b>100</b>	<b>109.101.602,49</b>

Source: Indirect tax Administration

The greatest share in fruit imports are citrus fruits amounted to 33,9 million KM or 31% total value of imported fruits. Import of tropical and Mediterranean fruits is 82.000 t which equals to 58% of total fruit imports. As far as BiH produced fruits are concerned, apple imports is 25.502 t or 18% of total fruit import. In comparison with previous year, apple import increased by 3,6%.

The value of exported fruits amounted to 27 million KM, which equalled to increase by 15,59% in comparison with previous year.

The total value of vegetable export in 2008 was 141,877,61 t, while vegetable import in 2007 was 72.377,76 t. Total value of imported vegetables in 2008 amounted to 59 million KM which equals to 2,26% of total import of agricultural food trade. Value of imported products significantly increased in comparison with previous year. This data shows that average prices of vegetable products significantly increased although the quantity of imported vegetables reduce.

BiH Vegetable Import (2007-2008)

	2007			2008		
	t	%	KM	t	%	KM
Potato	6.911,63	9,5	1.749.610	5.708,72	7,90	1.525.311,88
Potato seeds	9.456,18	13,2	8.605.055	7.986,02	11,06	7.248.222,26
Spring Potato				1.596,91	2,21	868.034,68
Tomato	13.499,6	18,6	10.604.827	14.430,70	20	10.748.333
Onion	4.307,78	5,8	1.499.220	7.753,71	10,73	2.869.215,05
Onion seeds	1.860,90	2,5	2.101.611	2.168,53	3	2.848.855,03
Lettuce	239,02	0,3	321.395	257,22	0,35	346.072,39
Carrot	2.650,92	3,6	1.191.840	4.993,90	7	2.098.005,07
Cabbage, kale, cauliflower, kohlrabi				2.456,91	3,40	1.154.827,46
Cucumbers	2.443,77	3,3	1.828.923	2.500,36	3,46	1.985.225,13
Pea vegetables				101,02	0,13	139.639,17
Peppers	7.859,39	10,8	5.541.179			
Other vegetables				8.250,87	11,42	7.235.845,36
<b>Total vegetable</b>	<b>72.377,76</b>	<b>100</b>	<b>55.148.641</b>	<b>72.203.668</b>	<b>100</b>	<b>59.309.265.11</b>

Source: Indirect Tax Administration

The greatest share of vegetable import is taken by tomato valued at 10,7 million KM or 18,12% total value of imported vegetable.

The value of exported vegetable in 2008, amounted to 18.137.954.21 million KM which equals to decrease by 4,53%.

Total vine import to BiH in 2008 amounted to 32,08 million KM. The share of import in comparison with 2007, decreased by 1,9% and amounted to 32,7 million KM, reduced by 1,90%.

Total BiH vines exports amounted to 5,99 million KM. It equals to increased export in comparison with 2007, by 20,36%.

Share of import export with vine export is 18,66% and it improved in comparison with 2007 when it was 15,21%.

BiH Foreign Vine Trade (2007-2008) (million KM)

	2007			2008		
	Import	Export	Share of import export	Import	Export	Share of import export
Vine made of fresh grapes, including stronger vines; grape mash, except tariffs number in 2009	32,61	4,97	15,21%	32,08	5,99	18,66%
Vermouth and other vines made of fresh grapes, aromatised by plants and aromatic matters	0,09	0,00		0,00	0,00	
<b>Total</b>	<b>32,70</b>	<b>4,97</b>		<b>32,08</b>	<b>5,99</b>	

Source: Agency for Statistics of BiH

In 2008, import value decreased by 1,90% in comparison with 2007 as well as decreased quantity of 8,92%. At the same time, export growth is noted by 20,36% and exported volumes of 10,87%.

Foreign Trade of Vines of BiH (2007-2008) (million kg)

	2007		2008	
	Import	Export	Import	Export
Vine made of fresh grapes, including stronger vines; grape mash, except tariffs number 2009	10,28	2,23	9,36	2,47
Vermouth and other vines made of fresh grapes, aromatised by plants and aromatic matters	0,03	0,00	0,00	0,00
<b>Total</b>	<b>10,30</b>	<b>2,23</b>	<b>9,36</b>	<b>2,47</b>

Source: Agency for Statistics of BiH

The most significant trading patterns for vines are Serbia, Croatia and Montenegro. The greatest importer of vine to BiH is Serbia while BiH exports to Croatia mainly. In 2008, the share of 84,10% of total import was generated from mentioned countries and it means 30,66% from Serbia, 29,65% from Montenegro and 23,79% from Croatia. The exports face similar situation with 82,11% of total export was to mentioned countries, i.e. 45,67% to Croatia, 32,34% to Serbia and 4,10% to Montenegro. A significant BiH partner in foreign trade of vines is Germany with 10,67% of total share of exports (0,64 million KM).

Structure of foreign trade with vines, as per countries, in 2008 is similar to 2007 structure.

### Structure of Vine Foreign Trade as per Countries (2008)

	<b>Import</b>	<b>Share in total import</b>	<b>Export</b>	<b>Share in total export</b>
Serbia	9,83	30,66%	1,94	32,34%
Montenegro	9,51	29,65%	0,25	4,10%
Croatia	7,63	23,79%	2,73	45,67%
Total	26,98	84,10%	4,91	82,11%
Other countries	5,10	15,90%	1,07	17,89%
<b>Total</b>	<b>32,08</b>	<b>100%</b>	<b>5,99</b>	<b>100%</b>

*Source: Agency for Statistics of BiH*

In 2007, 85% of total import was from Serbia, Montenegro and Croatia. Out of that, more than 50% of total export was to Croatia, while all three mentioned countries (Croatia, Montenegro and Serbia) covered more than 80% of total vine export from BiH.

### Structure of Foreign Trade of Vine (2007)

	<b>Import</b>	<b>Share in total import</b>	<b>Export</b>	<b>Share in total export</b>
Serbia	11,282	34,50%	1,13	22,63%
Montenegro	8,379	25,63%	2,73	54,90%
Croatia	8,134	24,87%	0,17	3,45%
Total	27,795	85,00%	4,03	80,97%
Other countries	4,903	15,00%	0,95	19,03%
<b>Total</b>	<b>32,698</b>	<b>100%</b>	<b>4,97</b>	<b>100%</b>

*Source: Agency for Statistics of BiH*

Total meat import, as well as meat products and fish in BiH in 2008 amounted to 220,48 million KM, which equalled to 8,41% of total agricultural products of BiH.

Total meat export as well as meat products and fish in 2008 amounted to 54,62 million KM, which equalled to 13,32% of total export of agricultural products.

Share of import coverage by export for these three main items (02, 03 and 16) was 24,77% and it was improved in comparison with 2007 when it was 20,32%.

### Foreign Trade of Meat, Meat Products and Fish (2008) (million KM)

	<b>Import</b>	<b>Export</b>	<b>Share of import export</b>
Meat and slaughterhouse products	103,74	4,46	4,30%
Fish, invertebrates, pangolins and molluscs	18,59	16,03	86,26%
Processed meat and fish products	98,15	34,12	34,77%
<b>Total</b>	<b>220,48</b>	<b>54,62</b>	<b>24,77%</b>

*Source: Indirect Tax Administration BiH*

Foreign Trade of Meat, Meat Products, Fish and Fish Products  
(2007-2008) (million kg)

	2007		2008	
	Import	Export	Import	Export
Meat and slaughterhouse products	65,22	2,79	103,74	4,46
Fish, invertebrates, pangolins and molluscs	14,82	13,70	18,59	16,03
Processed meat and fish products	88,79	17,82	98,15	34,12
<b>Total</b>	<b>168,83</b>	<b>34,31</b>	<b>220,48</b>	<b>54,62</b>

*Source: Indirect Tax Administration BiH*

Total value of meat import to BiH amounted to 103,74 million KM. In comparison with 2007, it increased by 37,13%.

Total value of meat export in 2008 amounted to 4,46 million KM. In comparison with 2007 it increased by 37,53%.

Share of import export of meat in 2008 was only 4,30%.

Almost 50% of total meat import in 2008 was from three countries, i.e. Croatia, Austria and Slovenia.

Structure of Meat Imports  
(2008)

	Import	Share in total import
Croatia	25,79	24,86%
Austria	12,65	12,20%
Slovenia	11,28	10,88%
Other countries	54,02	52,07%
<b>Total</b>	<b>103,74</b>	<b>100%</b>

*Source: Indirect Tax Administration BiH*

Structure of Meat Export  
(2008)

	Import	Share of total import
Croatia	1,87	41,97%
Montenegro	1,24	27,88%
Serbia	0,86	19,21%
Other countries	0,49	10,95%
<b>Total</b>	<b>4,46</b>	<b>100%</b>

*Source: Indirect Tax Administration BiH*

Meat export from BiH in 2008 was only to CEFTA 20 member states (except Holland).

BiH exported majority of its meat to Croatia and it amounted to 1,87 million KM (41,97%), Montenegro 1,24 million KM (27,88%) and Serbia 0,86 million KM (19,21%), which equals to 90% of total meat export from BiH .

Total fish import to BiH amounted to 18,59 million KM in 2008, while fish export amounted to 16,03 million KM.

The share of coverage of import by fish export in 2008 mounted to 86,26%. More than 50% of total fish import was from only three countries, i.e. Croatia, Spain, and Denmark.

Fish export from BiH in 2007 was only to CEFTA 2006 member states, except Turkey. BiH exported the greatest volume of fish to Serbia in amount to 9,03 million KM (56,30%), Croatia 5,20 million KM (32,44%) and Montenegro 1,32 million KM (8,23%).

Structure of Fish Import  
(2008)

	Import	Share in total import
Croatia	6,96	37,45%
Spain	1,62	8,73%
Denmark	1,57	8,46%
Other countries	8,43	45,36%
<b>Total</b>	<b>18,59</b>	<b>100%</b>

Source: Indirect Tax Administration BiH

Structure of Fish Export  
(2008)

	Export	Share in total import
Serbia	9,03	56,30%
Croatia	5,20	32,44%
Montenegro	1,32	8,23%
Other countries	0,49	3,03%
<b>Total</b>	<b>16,03</b>	<b>100%</b>

Source: Indirect Tax Administration BiH

Total meat products import in 2008 amounted to 98,15 million KM, while export was 34,12 million KM. The share of coverage of import by export was 34,77% and it improved in comparison with 20,07%. Meat products export in 2008 increased by 47,78% in comparison with 2007.

Three most important meat product importers in 2008 are Croatia, Serbia and Slovenia. Import from these three countries makes almost 80% of total import.

Structure Meat Products Import  
(2008)

	Import	Share in total import
Croatia	48,98	49,91%
Serbia	20,29	20,68%
Slovenia	8,73	8,90%
Other countries	20,13	20,51%
<b>Total</b>	<b>98,15</b>	<b>100%</b>

Source: Tax administration BiH

Structure of Meat Products Export  
(2008)

	Import	Share in total import
Serbia	11,41	33,45%
Kosovo	11,03	32,33%
Croatia	5,74	16,82%
Other countries	5,94	17,40%
<b>Total</b>	<b>34,12</b>	<b>100%</b>

Source: Tax administration BiH

More than 80% of total export of meat products was to three countries, Serbia, Kosovo and Croatia.

Foreign trade of milk and milk products in 2008 amounted to 184,7 million KM with share of import in that of 71%, and export with 29%.

Imported milk in 2008 amounted to 131 million KM and it equals to increase of 13% in comparison with previous year. However, volume of import is reduced by 2%.

Compared to previous year, import volumes increased for all products except cheese and butter that noted the decrease 11%, and 31% respectively. Decrease of import of cheese and butter, is first of all, a consequence of reduced consumption due to increase of prices of these products in the first half of 2008.

Although cheese import volume is reduced by 11%, cheese takes greatest share in financial value of imports (34,1%).

### Milk Products Import BiH (2007-2008)

	2007		2008	
	Quantity (000 kg)	Value (000 KM)	Quantity (000 kg)	Value (000 KM)
Raw milk	5.826	3.967	1.206	683
UHT sterilised milk	20.357	18.073	23.015	25.337
Yoghurt and other drinks	10.492	14.088	11.903	19.495
Sour cream and cream	8.907	19.585	9.125	23.273
Milk and whey-powder	884	2.240	907	2.472
Butter	1.638	8.770	1.131	7.419
Milk butters and others	928	4.853	1.276	8.100
Cheeses:				
- <i>semi hard and hard</i>	5.628	33.892	4.763	32.697
- <i>creamed cheese</i>	1.119	7.465	1.036	7.864
- <i>others</i>	444	2.728	649	3.750
<b>Total</b>	<b>7.191</b>	<b>44.085</b>	<b>6.448</b>	<b>44.311</b>
<b>Total</b>	<b>56.223</b>	<b>115.661</b>	<b>55.011</b>	<b>131.099</b>

Source: Foreign trade Chamber and Indirect Tax Administration

In addition to mentioned commodities, there is import of 1.151 t (4.6 million KM) of different modified products based on milk powder (fodder, children' food, etc).

### Milk Products Export from BiH (2007-2008)

	2007		2008	
	Quantity (000 kg)	Value (000 KM)	Quantity (000 kg)	Value (000 KM)
UHT sterilised milk	32.914	28.008	43.269	39.778
Cream and mileram	273	855	1.017	2.544
Fermented drinks	594	1.139	260	338
Milk butters	95	580	133	824
Cheese:				
- <i>semi hard and hard</i>	1.069	8.893	1.100	9.338
- <i>other</i>	16	108	100	684
<b>Total</b>	<b>1.085</b>	<b>9.001</b>	<b>1.200</b>	<b>10.022</b>
Other milk products	228	1.118	19	141
<b>Total</b>	<b>35.189</b>	<b>40.701</b>	<b>45.898</b>	<b>53.647</b>

Source: Foreign trade Chamber and Indirect Tax Administration

Dairy products export from BiH in 208 amounted to 53,6 million KM and it is higher by 31% in comparison with previous year. In last three years, the export increased by average rate by 27%.

Main export products are UHT sterilised milk with 73% of contribution of semi hard and hard cheeses of 19%. About 34% of production of UHT milk and about 43% of production of semi hard and hard cheeses has been marketed to foreign markets, i.e. regional markets.



### Milk and Milk Products Structure (2008)

	Import		Export	
	Value (000 KM)	Share in total import	Value (000 KM)	Share in total export
Croatia	65.169	49,6	36.140	67,3
Germany	29.251	22,3	0	0
Slovenia	17.525	13,4	0	0
Serbia	13.019	10,0	3.587	6,7
Macedonia	307	0,4	7.242	13,5
Kosovo	0	0	3.983	7,4
Other countries	6.135	4,3	2.695	5,1
<b>Total</b>	<b>131.099</b>	<b>100</b>	<b>53.647</b>	<b>100</b>

Source: Foreign trade Chamber and Indirect Tax Administration

Croatia is the main foreign trade partner with share of 54,6%, in total trade, and 49,6% import and 67,3% export. The EU states share in total import equals to 40%.

### 6.6. TRADE POLICY

In terms of trade policy, BiH has been determined for market liberalisation.

Before signing *CEFTA Agreement*, BiH had already signed 32 free trade agreements with individual countries. By signing the free trade agreement with neighbouring countries, Croatia, Serbia, Macedonia, Montenegro, Albania, Moldova and UNMIK-Kosovo, BiH was offered the opportunity for free trade with the regional with no tax and customs, excluding Albania for minor goods, which is symbolic with no influence and impact on the value of trade. CEFTA Agreement represents the first serious test for BiH and that is the first regional agreement signed by BiH which will enable BiH to prove if it is capable of running multilateral agreements with many partners and if it fulfils signed principles.

BiH runs pre accession negotiations with the *World Trade Organisation (WTO)*. Currently, there have been negotiations on foreign trade regime of BiH (harmonisation of domestic legislative and practices with rules and principles of WTO), subsidies for domestic production, preparation and submission of documents to the WTO Secretariat relating to responses to the member countries (the fifth round of questions).

Accession Agreement has not been signed yet, due to the delay of BiH and its intention to join at as favourable conditions as possible related to subsidies to primary agricultural production, percentage of de minimis. New document on *Aggregated subsidy measures for 2005-2007* instead for period from 2004-2006 which gives better position to BiH for negotiations and BiH wants to sign the agreement as „undeveloped state“ and not as developed state on which the World Trade Organisation insists.

In despite of not being signed yet, Bosnia and Herzegovina follows the rules and principles of WTO trade.

CEFTA Agreement has also been made on the basis of WTO principles, meaning that fulfilment of CEFTA principles is a kind of test for BiH. I.e. it will prove if BiH is ready to join in bigger trade association than CEFTA, and it means full membership status in the EU.

By signing SSP-a temporary Agreement, BiH entered into contractual relationship with EU and it become potential BiH candidate for membership. Moreover it has access to the market of more than 500 million of potential consumers. BiH products are exported to EU with no custom barriers while BiH may keep custom duties for products being imported from EU countries in the transitional period of maximum six years. In this transitional period import duties will be reduced gradually until they are fully excluded. Signed SSP should be ratified by all member states. In order to be fully functional, BiH has to harmonise, gradually, its legislation with EU legislation. The first phase harmonisation focuses to basic elements of *acquis* to internal markets as well as other field of trade.

Harmonisation process has taken economic and policy criteria and European standards and sector policies. It is evaluated if BiH is capable of running economical policy independently and to what extent it may face with competitive pressures of and market powers of EU.

Stabilisation and Accession Committee, based on annual reports, monitor the dynamics of the accession, adoption and implementation of reforms, and key evaluation of the application of the agreement will be in the year 3 after signing the Agreement. It is, so called „AVIS“ – positive opinion on state accession. Following this stage, there are chapters on negotiations (35 chapters or even more), and by evaluating the level of adoption of *acquis* and fulfilment of Copenhagen membership criteria.

The BiH trade policy makes the legislation stimulating foreign investments.

The following legislative has been enacted and adopted:

- *Law on Policy of Direct Foreign Investments,*
- *Law on Improvement of Foreign Investments in BiH,*
- *By Law on the Ways of Distribution of Support to Foreign Investors in BiH.*

According to the *Law on Direct Foreign Investments in BiH,* foreign investors acquire „national treatment“, which means they have the same right and suites as citizens of this country. Moreover, foreign investors have been protected against nationalisation, expropriation or taking over the property, and many other similar measures, Investment capital import duty free, Rights and duties of foreign investors cannot be terminated or changed By Laws and regulations being enacted afterwards. There are many other incentives for foreign inventors in our country.

As such, BiH has signed/ratified 37 agreements on promotion and protection of investments. Moreover, BiH has ratified free trade agreement with Turkey. Trade Agreements have also been signed with Romania, Slovenia Republic and Check Republic.

The agreements on trade and economic cooperation with the following countries are at the stage of harmonisation:

- *Georgia Republic – Trade Agreement;*
- *Democratic Republic of Algeria – Trade Agreement;*
- *Israel – Agreement on Trade and Economic Cooperation;*
- *Republic Azerbaijan – Agreement on Trade and Economic Cooperation;*
- *Arabic Republic of Syria – Agreement on Trade and Economic Cooperation;*
- *Libya – Agreement on Trade and Economic Cooperation;*
- *Iraq – Agreement on Trade and Economic Cooperation;*
- *Cuba – Agreement on Trade and Economic Cooperation;*
- *Morocco Kingdom – Agreement on Trade and Economic Cooperation;*
- *Litvania – Agreement on Economic Cooperation*
- *Bulgaria – Agreement on Economic Cooperation*

There are very intensive sessions of BiH relating to *Joint Committees on Trade and Economic Cooperation* that would define the future ways of cooperation (*Memorandum on Understanding, Agreement on Trade and Economic Cooperation, Agreement on preferential trade, Agreement on investment protection or some other cooperation documents*) with Hungary, India Republic, Qatar State, Egypt, Russia Federation and Pakistan.

## **7. AGRICULTURAL, FOOD AND RURAL DEVELOPMENT POLICIES**

- Agricultural Policy
- Food Security Policy
- Veterinary Policy
- Phytosanitary Policy
- Inspection and Extension Services
- Farm Management Policies
- Subsidies
- Agricultural Credits

## 7.1. AGRICULTURAL POLICY

As far agricultural policies are concerned, BiH receives significant support and guidance on priority reforms, by the EU partnership. Proposed by the Committee, the Council adopted and updated European and BiH partnership in February 2008. Proposed partnership actually revises the second partnership on the basis of the 2007 BiH Progress Report of the Committee. It identifies and new and remaining priorities.

### **SHORT TERM PRIORITIES<sup>8</sup>** **Agriculture and Aquaculture**

- **Adopt** the Law on Agriculture, Food and Rural Development and ensure an adequate legal framework for harmonized implementation of agricultural, food and rural development policies. Develop a comprehensive agricultural strategy at State level.
- **Strengthen** administrative capacity at State level as regards agriculture, food and rural development in order effectively to coordinate implementation of market and rural development policies throughout the whole country.
- **Work** towards the establishment of a State level Ministry of Agriculture, Food and Rural Development with sufficient resources to implement its tasks.
- **Ensure** adoption of legislation compliant with the European standards in the food safety, veterinary and phytosanitary sectors and start to implement it.
- **Enhance** laboratory and inspection capacity in the food safety, veterinary and phytosanitary sectors, establish reference laboratories and develop sampling procedures in compliance with EU requirements.
- **Improve** the system for identification of bovines and registration of their movements and start identification of pigs, sheep and goats and registration of their movements.

### **MID TERM PRIORITIES** **Agriculture and Aquaculture**

- **Implement** the comprehensive State level agricultural strategy throughout the whole country.
- **Further strengthen** the State level capacity for coordination and harmonization of agricultural, food and rural development policy, reinforce implementation mechanisms and further approximate with the *acquis*.
- **Continue** adoption of compliant legislation in the food safety, veterinary and phytosanitary sectors and develop an effective system of controls.
- **Assess** the compliance of agri-food establishments with EU requirements and prepare and start a programme for upgrading those establishments.

European Partnership priorities have been selected on the basis of the fact that BiH realistically may fulfil these conditions in next few years, there is difference between Short term objectives, which need to be fulfilled in next one to two years and Mid term priorities which are expected to be completed in next four to five years. All these priorities are related to legislation and implementation of them.

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<sup>8</sup> Council Decision on principles, priorities and conditions of European Partnership with Bosnia and Herzegovina and cancellation of Decision 2006/55/EZ

In the year of 2008, there is a significant progress in agriculture, food and rural development at state level.

*Law on Agriculture, Food and Rural Development of Bosnia and Herzegovina* was adopted at the 28 Session of House of representatives on 29 April, 2008 and at the 17 Session of House of People held on 15 May 2008. The law was published in the Official Gazette of BiH No. 50/08. Having in mind very complex structure of BiH, this Law is only a framework regulating agriculture, food and rural development sector.

The objectives of the Law are to determine the following:

- a) A framework for institutional structures, authorities, responsibilities, reporting lines, rules, coordination mechanisms, consultation processes, rights, duties, and implementation of measures at all levels of authorities of Bosnia and Herzegovina which re involved in sector of agriculture, food and rural development;*
- b) Framework and mechanisms for strengthening competitiveness, quality of agricultural products and food products, as well ass application of standards necessary for dynamic development of the sector;*
- c) Framework and mechanisms needed for accession to European union and fulfils all obligations as per International Agreements related to the Sector;*
- d) Framework to ensure compliance of sector strategies and agro economical policies, special implementation measures needed for coordinated work of sector;*
- e) To define framework objectives of the as well as framework measures for achievement.*

Further on, the Law regulates the framework objectives and measures of agricultural, food and rural development policy and provisions of the Law talk about responsibilities of all levels of authorities in BiH in this field.

Framework objectives include the following:

- a) Activating unused natural and human resources development of sustainable and dynamic sector of agriculture, forestry and food,*
- b) Increase the level of meeting the food consumption needs of local population and replacement of imported food with domestic production, since there are available natural resources and deduction foreign trade deficit of agro food products,*
- c) Ensure harmonisation and integration of the sector with EU and global market,*
- d) Stimulate diversification of economic activities, improvement of the employment opportunities, and other income generating activiies and rural living conditions,*
- e) Ensure access and availability of safe food of high quality,*
- f) Ensure rational use and protection of natural resources and biodiversity,*
- g) Enable decent living conditions and contribution to generating income and food safety of rural population, i.e. meet the needs of population by competitive domestic agricultural product.*

As far as measures for agriculture, food and rural development are concerned, the Law stipulates gradually harmonisation at all government levels, and the first goal is to be harmonised with EU measures.

There are two categories of measures, which again have been divided into more groups: policy measures for supporting agricultural markets and rural development policy measures.

Policy measures for supporting agricultural markets have been divided into the following groups:

- a) *Quality improvement measures;*
- b) *Direct support to farming household's measures;*
- c) *Foreign trade measures.*

The rural development policy measures have been divided into three main groups as follows:

- a) *Increase competitiveness;*
- b) *Rural environment protection;*
- c) *Rural livelihoods quality improvement and diversification of activities.*

All aforementioned objectives and measures create a framework for development and implementation of sector rules and regulation, programs, measures at all administrative levels of BiH. Moreover, detailed support measures and mechanisms are determined by sector agricultural, food and rural development strategies in BiH and Action Plans.

Ensuring harmonisation of all sector policies, regulations, programmes and measures at all administrative levels of BiH with these framework measures and objectives is responsibility of MoFTER BiH. The role of Ministry, having in mind complex structure of BiH, is mainly the coordinating role. However, MoFTER has also been the institution responsible for EU and other international organisations cooperation which are of relevance for agriculture, food and rural development.

Besides the role of MoFTER BiH, the Law regulates responsibilities of entities, BD BiH, Cantons and municipalities.

Administrative organisations under MoFTER BiH as per this Law are: *Veterinary Office of BiH, BiH Plant Protection Agency, Harmonisation and Coordination of Payment systems agency.* MoFTER BiH is involved in designing the technical and other rules, together with other institutions responsible for policies in health issues in BiH, which are coordinated by Food Safety Agency of BiH.

Moreover, *rural development* has been regulated by the Law. According the Law, the basis for implementation of rural polices are seen in the *Strategic Plan of Rural Development of BiH.* This plan defines rural development goals, determines the programmes, measures and other activities aiming to achieve goals, monitoring and evaluation mechanisms, and make framework financial assessments and procedures for their use. The BiH Strategic Plan is a basis for directions of all plans and programmes for rural development to be enacted at all administrative levels of BiH.

The establishment of the *Harmonisation and Coordination of Payment System Agency* is stipulated by Law. I.e. those would be the bodies that would promote introduction of payment systems and principles following the EU principles. In order to ensure harmonisation of payment systems of enteritis and BD BiH, with the objective of agriculture, food and rural development, MoFTER BiH is responsible for consistency, transparency and coordination of payment system.

In addition to mentioned Agency, the law anticipated establishment of registries, as follows: *the BiH Farm Registry, the BiH Client Registry, The BiH Animal Identification Registry and Land Parcels Identification System of BiH.*

All aforementioned activates have been coordinated by MoFTER BiH, and implemented by respective institutions of entities and BD BiH. MoFTER BiH ensures coordination, harmonisation and integration of registries, information flow, their relations and linkages, and harmonisation with EU gradually. Moreover, MoFTER BiH is responsible for establishment of an integrated system of database for linking registry data and other relevant information systems in order to have proper technical compliance of existing and new data bases according to best practices of.

The Law stipulates establishment of the Board on coordination of agricultural information (CIB), *Agricultural Market Information Service (AMIS/AMIS)* and *Advisory Counsel.*

Coordination Information Board represents a very important body which needs to coordinate the development of harmonised and integrated information system in agriculture in BiH. Further on it coordinates gradual introduction of information system in agriculture according to EU, and also coordinates the Agency of Statistics for BiH and EUROSTAT in development of information systems in sectors of agriculture, food and rural development as well as establishes and ensures use of common standards and methodologies for collection of statistical data, and dissemination.

The Law anticipates MoFTER BiH, in cooperation with respective entity institutions and BD BiH, establishes AMIS, while Minister of MoFTER BiH decides on the structure and organisation as public service and ensures its financing. Minister, also, determines representative markets for agricultural and food products and agricultural land based on the importance of the importance of goods in domestic and foreign trade of BiH. The Law includes the obligation of entities and BD BiH to submit regular data to AMIS, and Minister decides on type, size and frequency of data collection, submission and publishing.

Advisory Counsel, professional body, should ensure effective mechanisms of consultations, participation, coordination and legitimacy of decision making process is also included into the Law. The mandate of this Counsel is to make comments, recommendations and advises for the issues being discussed by MoFTER BiH. The Advisory Counsel should comprise of 15 recognised experts including 6 representatives of scientific institutions, three representatives of private agricultural sector, and two from agricultural industry, two from food industry and two from the NGOs working in the sector.

The Law provides provisions on the establishment of the coordination and promotion mechanisms for private and publics' extension services in order to support implementation of rural development measures and agricultural policies and programmes all over BiH. Further on, it defines standards of services that will be provided by advisors and extension officers targeting the quality service at all levels, which again is responsibility of MoFTER BiH.

MoFTER BiH develops a detailed plan of the efficient and cost effective *system of reference laboratories* and other testing bodies according to the needs of BiH s well as its capacities to meet the requirements of domestic, international and EU Agreements.



MoFTER BiH also coordinates the accreditation process of laboratories in the sector of agriculture and rural development according to international requirements. It makes procedures for cooperation and coordination with laboratories following the best European practices and it determines minimum requirements for quality of the services provided by laboratories.

Establishment of relations with organisations responsible for commodity reserves at entity and cantonal levels, and supporting them in harmonisation of their activity with strategies of the sector in BiH is also one of the responsibilities of MoFTER BiH. According to the Law, it proposes strategic guidelines for actions of commodity reserves as well as procedures for coordination, cooperation, and implementation of policy interventions and reporting according to EU policy practices.

In cooperation with entity bodies and BD BiH, MoFTER BiH, also, establishes *the BiH Monitoring and Evaluation System* for agriculture, food and rural development sector and it follows the guidelines of the best EU practices. However, it gives a transparent mechanism for evaluation of policy impact applied and implemented at all administrative levels. They evaluate social, financial and economic efficiency.

The MoFTER BiH responsibility, stipulated by Law, has been annual reporting on agriculture, food and rural development sector. Annual report should cover the evaluation of the situation in agriculture, food and rural development sector, measure of sector policy of previous year, and proposals and ways for implementation of agricultural, food, and rural development policy measures for future.

*Administrative Supervision* on implementation of laws and regulations as well as supervision on the institutions, administrations and organisations as per this Law is responsibility of enacting supervision implemented by MoFTER BiH. *Inspection Supervision* on application of this Law and regulations that came out of it is responsibility of entity authorised bodies and BD BiH through their inspection services.

The responsibility of MoFTER BiH is to develop BiH strategies as well as Action Plans for agriculture, food and rural development within the timeframe of 1 year commencing on the day of enactment the Law.

Responsible bodies of BD BiH as well as lower administrative units are to initiate harmonisation of their agriculture, food and rural development rules and regulations and secure funds for them within one year of the Law enactment. The MoFTER BiH authorised bodies of entities and BD BiH, in addition to the rules from this Law, may make other rules needed for implementation of this Law within one year.

The responsibility of MoFTER BiH is to develop BiH Bylaws for agriculture, food and rural development within the timeframe of 1 year commencing on the day of enactment the Law. Legal documents and By Laws for agriculture, food and rural development have to be harmonised with this Law within the maximum timeframe of 1 year commencing on the day of enactment the Law.

By enacting BiH Law on Agriculture, Food and Rural Development on 01.07.2008, the implementation started. The 2008 activities were mainly related to planning and detailed preparation for further activities, having in mind that the Law stipulates timeframes for them.

Aiming to make quality preparations for establishment of *Harmonisation and Coordination of Payment System Agency*, MoFTER BiH organised a preparatory meeting on 27.06.2008. Having in mind the fact that there is no harmonised and coordinated payment system for subsidies in agriculture and rural development, i.e. it has been done on entity, cantonal, BD BiH, and municipal levels. Procedures have been different, non harmonised, uncoordinated, and generally they are not meeting the criteria of EU. Representatives of both entities and BD BiH showed their commitment for support to establishment of the agency and made their approvals for establishment of harmonised payment systems within BiH and gradually with EU. According to the Conclusion of preparatory meeting, there has been a working group established and they had the first meeting held in December.

MoFTER BiH prepared Draft decision on establishment of harmonisation and Coordination of Payment System Agency together with explanation of the Decision that have been submitted to entity ministries, BD BiH Department of Agriculture and other respective institutions for comments.

In 2008, *Working group for establishment of harmonised Farm and Client Registries in BiH* with tasks to propose harmonised legal regulations supporting BiH registries to BiH decision makers. Designing joint plan of trainings for data entry and users at all levels is also responsibility of this WG. Moreover, their responsibility is to harmonise configuration of hardware in order to get as good flow of information as possible, monitor delivery of software as well as all other tasks relating to functional operation of the Farm and Client Registries. The WG was very much involved in implementation of all mentioned activities.

As a result of the WG work, which involved representatives of all relevant institutions in BiH, with technical assistance of the EU SESMARD Project, there has been a Proposal of the gradual harmonisation of legal framework for these registers. The documents included all recommendations following the operating system in compliance with EU requirements.

However, in cooperation with working group there have been work plans designed for establishment of Farm Registries for each institution including precisely defined activities that have to be implemented by each institution. The purpose of all these activities is to have legal regulations and all documents made by entity Ministries, and BD BiH make it harmonised with Decision on harmonised Client Registries of BiH (Official Gazette of BiH No. 85/07). Additionally, the purpose of these documents is to urge timely implementation of activities.

Draft Rulebook for FR and CR with forms for registration and instructions for farmers and data entry have been prepared. Following the agreements made at the meeting in Banja Luka on 26.06.2008 afore mentioned Rulebook has been published in FBiH (Official Gazette of FBiH No. 42/08), while the RS needs to harmonise its legal frameworks with proposed frame for gradual harmonisation of legal regulation. Moreover, text of Draft Rulebook with forms has been harmonised. They should be used by Entity Ministries and BD BiH for making new and amending existing regulations.

In six municipalities of FBiH, and MAWMF FBiH and MOFTER BiH Farm Registry and Client Registry software have been installed, and it is used by BD BiH with the objective to test and analyse it and enable planning the future activities i (pilot project).

Opportunities for linking FR and CR with CIPS and Animal registry have also been tested. Contract signing for FR and CR software procurement is expected in beginning of za 2009.

For the purpose of Registry establishment, there have been two consultants engaged through the ARDP.

In 2008, registration process in the RS took place, and by the end of the year, some 50.000 farming households have been registered and about 80.000 clients.

Registration process has not started in Federation in 2008. Aiming to create awareness on the importance of establishing registries, MAWMF FBiH organised a meeting in Neum on 12.12.2008 for Municipality Mayors. This was the opportunity to present legal regulations of FBiH, ways of registration, and Slovenian experiences in this process. Commencement of registration was announced in this meeting and it is expected in early 2009 in FBiH.

As far as establishment of the CIP Board and establishment of BiH *AMIS* are concerned, all preparatory activities have been completed.

Activities for establishment of CIP related to nomination of members of a Working Group including, MoFTER, entity Ministries of Agriculture, BD BiH and state and entity statistical institutions as well as any other state and entity institutions working with sector of agriculture, food and rural development.

As far as AMIS establishment is concerned, entity Ministries of Agriculture, BD BiH Agricultural department nominated its coordinators for establishment of AMIS. The preparatory meeting organised by MoFTER BiH, was held on the day of 26.11.2008 when basic steps on the establishment of AMIS have been agreed. Following the meeting, MoFTER BiH initiated establishment of the Working Group which will have the main task of proposing the AMIS Model to Minister of MoFTER BiH with clearly defined characteristics of the system.

Taking into account the importance of Advisory Counsel, activities of MoFTER BiH were related to the preparation on the decision on the establishment of Advisory Counsel, establishment of AC, i.e. nominating members by relevant institutions.

Moreover, preparatory activates have been implemented for establishment of the *Working Group for establishment of mechanism for coordination and promotion of private and public extension services* with main tasks to provide guidelines in developing extension Strategy document, determines and define the quality standards of services and to coordinate and standardize arrangements of development and training of advisors.

In line with responsibilities of MoFTER BiH as per Law, relating to reference laboratories and commodity reserves, in 2008 a Working Group for coordination of quality infrastructure has been established. The first meeting was organised on 27.11.2008 where ongoing issues have been discusses relating to laboratories, establishment of reference/authorised laboratories for export improvement for agricultural and food products as well as commodity reserves solutions and control of quality of imported products plus creating preconditions for improvement of agricultural production, planned collection and procurement.

The WG had four meetings in 2008. Following the conclusions of the WG, there has been a Sub Group established with objective to collect as many data as possible about present laboratories in BiH. The objective of this is to prepare a list of laboratories which would be, based on actual laws and special Decision of Counsel of Ministers would be on the list of reference laboratories, according to Article 20 of the Law on Agriculture, Food and Rural Development. The view of the subgroup is to include laboratories for control and monitoring of products, diagnostic of infectious diseases under Veterinary Office of BiH as well as Phytosanitary laboratories for plants under BiH Plant Protection Agency. Food security Agency, will prepare a separate decision on determination of authorised laboratories for food control as per its responsibilities according to the Law with their main objective of consumers protection. Working group for coordination of infrastructure quality directed its activities to the actual problems of commodity reserves which will be the topic of meetings scheduled for the year of 2009.

The World Bank, based on demands, make clearance for engagement of local or international consultant for monitoring and evaluation who will be available to MoFTER BiH, entity Ministries and BD BiH with the objective of *Setting up Agricultural Monitoring and Evaluation System in BiH*, which will again facilitate monitoring of guidelines and best EU practices for progressive introduction of joint framework for Monitoring and evaluation of EU.

Sector for Agriculture, Food, Forestry and Rural Development under MoFTER BiH, in cooperation with technical group for reporting, prepared the *2008 BiH Agriculture report*. Technical group consisted of representatives of entity Ministries of Agriculture, BD BiH Department of Agriculture, Veterinary Office of BiH, and Plant protection Agency of BiH. Draft report was submitted to respective institutions for their opinions in December 2008.

In 2009 active implementation of Law has been planned, meaning preparation of by law documents, end establishment of working groups/committees. Inter alia, the following has been planned in 2009:

- Adoption of the decision on establishment of the Harmonisation and Coordination of Payment Agency (article 10, Section 1. item c);
- Designing the Rulebook on unique structures of payment system in support to agriculture, food and rural development (Article 13, Section 2. item b);
- Adoption of Decision on establishment the Coordination of Agriculture Information Board (Article 16);
- Adoption of Decision on establishment of Agriculture Market Information Service (Article 17);
- Adoption of Decision on establishment of Advisory Counsel (Article 18);
- Adoption of Decision on nomination of members of Working Group for designing document on coordinated activities of commodity reserves BiH (Article 21);
- Adoption of Decision on establishment of Monitoring and Evaluation System for agriculture, food and rural development sector (Article 22);
- Decision on establishment of Working Group for coordination of extension services in Bosnia and Herzegovina.

According to Law, initiating activities on harmonisation of entity, BD BiH and other authority levels regulations in the sector of agriculture, food and rural development, has to be done within the period of 12 months. However, there were no actions taken in 2008.

In addition to Law on Agriculture, Food and Rural Development BiH, the following has been adopted: *Law on Vine, Alcohol Drinks and Other Grape and Fruit Drinks* while the WG worked on *BiH Draft Law on Tobacco*, completed it in December and submitted the Draft Law to respective institutions for comments in order to put it into legal procedures.

*Law on Vine, Alcohol Beverages and Other Grape and Fruit Beverages* was adopted on the 20 session of House of representatives held on January 16, 2008 and at the 12 session of the House of people held on February 25, 2008. The Law was published in the FBiH Official Gazette No. 25/08.

This Law regulates the following:

- a) geographical protection of origin of grapes, vine and other products made of grapes and vines;
- b) production, trade and processing of vine grapes for vine making;
- c) production and trade of mash and vines and other products of grapes and vines;
- d) Tasks of authorised institution for vine growing and vine making;
- e) designing and maintenance of vine growing cadastre;
- f) any other relevant issues of importance for implementation of unique system of production and trade of grapes, vines and other products of grapes i vines.

In October 2008, Minister of MoFTER BiH, in the frame of implementation of Law vine, alcholl benerages and other products of grapes and vines made a Decision establishing two Working Groups for designing By Laws following this Law.

Working Group I is responsible for preparation of the following:

- Regulation on terms and conditions that have to be fulfilled by the authorised insitution in terms of staff, equipment and rooms;
- Regulation on terms and conditions that have to be fulfilled by producers and processors of grapes and vines, and other products, i.e. bottlers and vine makers for performing that activity;
- Regulation on content and maintenance of the registry, on the procedures and ways of registration;
- Regulation on content and maintenance of cadastre.

Working Group II is responsible for the preparation of the following:

- Regulation on conditions of grapes which will be procesed into vine, approved technological processes and enological tools for production of vines;
- Regulation on conditions of vine and mash quality, marks and packages in trade;
- Regulation on tasting exam;
- Regulation on sample taking and procedures with suspended products.

Working Group II has prepared pre drafts of Rulebooks Regulation on conditions of grapes which will be processed into wine, approved technological processes and enological tools for production of wines, as well as Rulebook on conditions of wine and mash quality, marks and packages in trade, and they have been submitted to respective institutions for comments.

During the work of WGs there have been some gaps noted in Law. Establishment of the WG for amending the Law on Vine has been initiated in december 2008.

In compliance with conclusion of the Committee of foreign trade and customs of House of Representatives PS BiH, MoFTER BiH has established a Working group comprising of representatives BiH institutions at state, entity and BD level as well as any stakeholders to prepare the *Draft Law on Tobacco*. Draft Law has been submitted to respective institutions for comments in 2008. This Law should regulate production, organisation of production, collection, processing and trade of fresh tobacco as well as production and trade of tobacco products in BiH.

Main reasons for enacting this Law are, inter alia, as follows:

- harmonisation of conditions of primary tobacco producers, processors, cigarettes producers and other tobacco products and traders within the territory of entire BiH;
- protection of domestic varieties of tobacco;
- protection of domestic production of tobacco, processing and domestic tobacco industry;
- classification of tobacco products in accordance with other transitional countries practices;
- organised link amongst entire chain (sowing, collection, processing, production, packing and trade) of tobacco production and tobacco products;
- organised control of pests and diseases of tobacco;
- supervision on production and trade of tobacco products;
- increase domestic production in order to decrease import and payment deficit of BiH etc.

Having in mind the obligation of harmonisation of BiH legislative with EU legislative taken over by signing SSP, Draft Law has been properly harmonised.

In despite of having been implemented, activities stipulated by *Strategic Plan of BiH for Harmonization of Agriculture, Food and Rural Development 2008-2010* and *Operational Programme for Agriculture, Food and Rural Development 2008-2010*, these documents have not been adopted by Council of Ministers of BiH in 2008. They are expected to be adopted in early 2009.

The agreement on establishment of State Ministry of Agriculture has not been reached in 2008.

However, strengthening the administrative capacity of Sector for Agriculture, Food, Forestry and Rural Development under MoFTER BiH has been noted in 2008. MoFTER BiH, through ARDP project, employed four local experts, who would be full time employed by, MoFTER BiH after the completion of the project. This is in compliance with Law. Additionally, Sector for Agriculture, Food, Forestry and Rural Development submitted a proposal of new systematisation of the Sector to MoFTER BiH. This proposal anticipates increased number of staff.

In the year of 2008, a *Temporary Sub Board for Agriculture, Aquaculture and Food Security*, and on the basis of Temporary Agreement which will be applicable until ratification process of SSP takes place. This Sub Board is obliged to establish a Working group to run all activities relating to Agriculture, Aquaculture Food security, i.e. taking over EU *acquis*, which will be coordinated by Sector for Agriculture, Food, Forestry and Rural Development under MoFTER BiH in cooperation with European Integration Directorate. The first meeting of this Board was held on 17.12.2008.

Sector for Agriculture, Food, Forestry and Rural Development under MoFTER BiH, with support of EC SESMARD project, prepared *Framework proposal for gradual harmonisation of agricultural and rural development support measures in BiH (2008-2010)*.

The objective of the Document is to initiate consensus on proposals of measures for gradual harmonisation of support to BiH agriculture and rural development in next three years. This Document makes recommendations for of measures for gradual harmonisation of support agriculture and rural development within BiH, but with similar measures used within the EU. The Document gives an overall review of sector issues and recommendations, and it is divided into four main sub sector documents, namely crops, fruit and vegetable, livestock and dairy. Sector for Agriculture, Food, Forestry and Rural Development under MoFTER BiH organised meetings on 02.12.2008. and 22.12.2008. with representatives of entity ministries of agriculture BD BiH agriculture department that aimed to achieve agreement on proposed measures for gradual harmonisation of support to BiH sector of agriculture and rural development.

The paraph on the *Agreement on cooperation between Ministry of Agriculture and Rural Development of Poland Republic and MoFTER BiH* put in 2008. This Agreement's objective is to create better conditions for bilateral cooperation in the fields of agriculture, exchange of experiences in reform of this sector, economy and different scientific and other contacts relating to the provisions of international Agreements, which are obligatory for both sides relating to veterinary and Phytosanitary cooperation.

The cooperation would include:

- exchange of information on current situation in agriculture, and directions of agricultural policies,
- harmonisation of agricultural sector to the requirements of the Common Agricultural Policy of the EU,
- systematic solutions that have already been applied or being introduced and respective legislative provisions ,
- mechanisms for systematisation and organisation of agricultural markets and establishment of market institutions,
- protection of plant and animal resources,
- phytosanitary and veterinary issues.

Moreover, it would include facilitation and support to creating linkages between entrepreneurs in some fields as well as facilitation and support to scientific contacts in the field of agricultural science.

## EU SESMARD PROJECT

SESMARD Project<sup>9</sup> - SESMARD- *Support to the Establishment of a State Ministry of Agriculture and Rural Development* started on 16.03.2006 and finished on 15.03.2008. Total project budget amounted to 1,2 million Euro, and was funded by EC.

SESMARD project has extended technical assistance in order to strengthen the capacities of agricultural sector of public administration in Bosnia and Herzegovina, which will contribute to the development of an efficient and competitive agricultural sector able to give its input to economic development of Bosnia and Herzegovina and its preparation for EU integration.

The project has achieved all the fundamental results foreseen under the revised project frame as well as some additional results planned within a short extension of the project. That includes a range of important results concerning strategic, institutional and legal issues:

### 1. Strategic results:

- *The project has extended assistance in the preparation of documents for strategic planning and programming including Strategic Plan and Operational Programme of Bosnia and Herzegovina for Harmonisation of Agriculture, Food and Rural Development for both Bosnia and Herzegovina level, the Bosnia and Herzegovina Entities and Brcko District.*
- *A detailed Plan of Harmonisation of Incentives as well as individual plans for four major groups of products of economic significance in the sector have been drafted;*
- *Initial Plan of Priorities for Bosnia and Herzegovina concerning legal adjustment in the sector has been drafted.*
- *The project has assisted BiH MoFTER in the preparation of the Draft Decision on Establishing Advisory Council for Agriculture, Food and Rural Development, enacted by the BiH Council of Ministers, thereby providing a forum to guideline all the future activities related to strategic management and formulation of sector policy.*

### 2. Institutional results:

- *Increase of number of employees in the BiH MoFTER Sector for Agriculture Food, Forestry and Rural Development which is considered a significant progress in establishing state level capacities in support of agriculture, food and rural development. The proposed plans for gradual expansion of BiH MoFTER Agriculture Sector.*
- *Harmonisation of payment systems: a draft of institutional frame for establishing a state level authority to be in charge of coordination of payment systems harmonisation at all levels.*

### 3. Results concerning legal issues:

- *Drafting and enactment of the BiH Law on Agriculture, Food and Rural Development;*
- *Drafting and enactment of the Decision on Harmonised Registers of Farms and of Clients of BiH.*

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<sup>9</sup> SESMARD- Support to the Establishment of a State Ministry of Agriculture and Rural Development



SESMARD has prepared a range of documents.

### **I Documents for strategic planning**

- *Bosnia and Herzegovina Agriculture Report 2007,*
- *Strategic Plan for Harmonisation of Agriculture, Food and Rural Development (2008-2010),*
- *BiH Operational Programme for Agriculture, Food and Rural Development (2008-2010),*
- *FBiH Operational Programme for Agriculture, Food and Rural Development (2008-2010),*
- *RS Operational Programme for Agriculture, Food and Rural Development (2008-2010),*
- *BiH BD Operational Programme for Agriculture, Food and Rural Development (2008-2010),*
- *Draft of the Entity Rulebook on Registers of Farms and of Clients in BIH and Work Plan (2008-2010),*
- *Framework Proposal concerning Gradual Harmonisation of Measures regarding Support in Agriculture and Rural Development of BiH (2008-2010),*
- *Plan of BiH Priorities for Adjustment with EU Regulations concerning Agriculture, Food and Rural Development, Veterinary Issues, Phyto-Sanitary Protection and Food Safety (2008-2010).*

### **II Drafts of BiH rural maps**

### **III SESMARD project reports on sector policy**

- *Policy Overview Agriculture acquis-part 1: Guide concerning administrative structures necessary for acquis regarding agriculture payment, statistics, commodities and rural development,*
- *Policy Overview Agriculture acquis-part 2: Guide concerning major administrative structures necessary for implementation of acquis regarding agriculture–food safety, phyto-sanitary and veterinary policies,*
- *Agriculture policies number 3. EU payment systems: Developing EU type of payment system for agriculture and rural development of BiH,*
- *Overview of agriculture policies number 4. IPA for rural development: Introduction in pre-accession assistance instruments for rural development (IPA-RD).*

### **IV SESMARD working document**

- *Indicators and measures concerning rural development*

## 7.2. FOOD SAFETY POLICY

BiH Agency for Food Safety in cooperation with the relevant authorities, initiates, and drafts regulations on food, proposing them to the BiH Council of Ministers for adoption, based on the BiH Law on Food<sup>10</sup> which has been brought in line with EC 178/02. Decree. When drafting implementing regulations, Food Safety Agency of BiH respected all the valid regulations, Single Rules for Drafting of Regulations in BiH Institutions (BiH OG. No. 11/05), Rules concerning Consultations in Drafting Regulations (BiH OG. No. 81/06), Decision concerning Procedures in Adjustment of BiH Legislation with *Acquis Communautaire* (BiH OG No. 44/03).

In 2008 Food Safety Agency of BiH has, under the stipulated procedure, prepared and published the following regulations:

1. Rulebook on Conditions of Use of Additives in Food meant for People (BiH OG No. 83/08)
2. Rulebook on Use of Sweeteners in Food (BiH OG No. 83/08)
3. Rulebook on Conditions of Use of Additives in Food, except for Colorants and Sweeteners (BiH OG No. 83/08)
4. Rulebook on Refreshing non alcoholic Beverages and similar Product (BiH OG No. 85/08)
5. Rulebook on Quoting Nutritive Values of Packaged Food (BiH OG No. 85/08)
6. Rulebook on Use of Colorants in Food (BiH OG No. 85/08)
7. Rulebook on Spirits and Alcoholic Beverages (BiH OG No. 87/08)
8. Rulebook on General Declaration for Marking of Packaged Food (BiH OG No. 87/08)
9. Rulebook on Fruit Juices, Fruit Nectars and similar Products (BiH OG No. 87/08)

During 2008 nine by-laws on food in line with *Acquis* were prepared were forwarded to the BiH Council of Ministers for enactment as follows:

1. Rulebook on Honey and other Bee Products
2. Rulebook on Methods of Control of Honey and other Bee Product
3. Rulebook on Maximum Levels of Certain Contaminants in Food
4. Rulebook on Methods of Sampling and Analysis for Official Control of Levels of Lead, Cadmium, Quicksilver, inorganic Tin, 3-Monochloropropanediol (3-MPCD) and Benzo (a) piren in Food
5. Rulebook on Methods of Sampling and Analysis for Official Control of Levels of Dioxin and Polychlorinated Biphenyls similar to Dioxins in Food
6. Rulebook on Methods of Sampling and Analysis for Official Control of Nitrite Levels in Food
7. Rulebook on Methods of Sampling and Analysis for Official Control of Levels of Mycotoxins
8. Rulebook on Table Salt
9. Rulebook on Conditions to be fulfilled by Certified Testing Laboratories performing Food Analyses as well as on Laboratory Certification Procedure

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<sup>10</sup> BiH OG No. 50/04

*Law on Genetically Modified Organisms*, in line with *Acquis Communautaire*, was also forwarded to the BiH Council of Ministers.

### **7.3. VETERINARY POLICY**

Since July 2006, within EU CARDS programme Twinning project titled *Support to the State Veterinary Office Capacity Strengthening has been initiated* aiming at adjustment of BiH veterinary services with the standards related to EU veterinary services. German Federal Ministry of Food, Agriculture and Consumer Protection is the Veterinary Office of BiH Twinning partner. In October 2008 the quoted project was finished having extended support to:

- capacity strengthening and functional organisation of the Veterinary Office of BiH,
- legislation preparation,
- veterinary inspections,
- defining of relevant agencies,
- establishing state referential laboratory/ies.

Within the project, numerous workshops and seminars were organised in which EU experts introduced our experts with the practice in Germany, as well as study trips during which our experts had the opportunity to see the work of their German colleagues in practice. In the final meeting of the project Governing Board it was concluded that the Office should establish a working group to draft an action plan based on the recommendations given during visits of various EU experts to Bosnia and Herzegovina.

Law on Animal Welfare and Protection is in its parliamentary procedure.

In 2008 the following by-laws were enacted and published:

- Decision on Establishing Aviary Influenza Technical Support Group for the World Bank Project titled „Readiness for Aviary Influenza Project “ (BiH OG No. 29/08),
- Decision on Adoption of Residues Monitoring and Control Plan for 2008 (BiH OG No. 44/08),
- Decree on Animal Contagious and Parasitic Disease Control Measures and their Implementation and Financing in 2008 (BiH OG No. 48/08),
- Decision on Amendments to the Decision on the Level of Allowance for Certificate Issuance) (BiH OG No. 105/08),
- Decision on Import Ban on Certain Shipments to prevent Inflow of Blue Tongue into Bosnia and Herzegovina (BiH OG No. 95/08),
- Rulebook on Veterinary Border Crossing Inspection Working Hours in Bosnia and Herzegovina (adopted by the Veterinary Office of BiH director No: 01-1-02-612/08 of 22<sup>nd</sup> of May 2008).

Besides the quoted and published by-laws during 2008 the following documents have been prepared and are now in various stages related to their adoption procedure:

- Proposal Rulebook on Import and Transit Conditions of Live Animals, Animal Products and Foodstuffs of Animal Origin, Medicaments, Fodder and Refuse in BiH,

- Proposal Decision on Amendments to the Decision on Import Ban of Certain Shipments to prevent Inflow of Blue Tongue into Bosnia and Herzegovina,
- Proposal Decree on Import Ban of Certain Shipments to prevent Inflow of Foot and Mouth Disease into Bosnia and Herzegovina,
- Draft Rulebook on the Manner and procedure Concerning Marking of Meat and Products of Animal Origin, Design, Form and Content of Veterinary Tags,
- Draft Decision on Quarantine Measures,
- Draft Decision on the Conditions and Manner of Operation of BiH Veterinary Border Crossing Inspection,
- Draft Manual concerning Veterinary Border Crossing Inspection Operation (overview of products of animal origin),
- Draft Manual concerning Veterinary Border Crossing Inspection Operation (overview of live animals).

Problems in this area are related to deficiencies in reporting and data analysis, legislation stipulating measures concerning control of certain contagious diseases and operation of laboratories is outdated, and very often non implementable. Certified laboratories have mainly not been accredited, and such process can only be implemented due to dedicated efforts of laboratories themselves and with the major support of the relevant authorities at both entity and cantonal levels they have been established by. Implementation of contagious diseases control measures has become difficult, primarily due to the fact that insufficient funds have been allocated for the purpose under both entity and cantonal levels. Information on the measures implemented at the local level are not forwarded to the Office, so that it is very difficult to assess efficiency of implementation of measures and take decisions and introduce new measures of prevention and control of contagious animal diseases. The situation is made even more complex by the lack of data on the real number and distribution of domestic animals and a low level of their movement control.

During 2008 a range of activities has been initiated to update the existing legislation regulating animal health and diagnostic laboratories, status of authorised diagnostic laboratories, reporting on disease outbreak, and diagnostic testing.

Due to increased incidence of brucellosis in 2008 in both people and in animals, the Office has initiated organisation of a round table within a regular veterinarian conference in the RS in Teslić, attended by an international expert on brucellosis from Greece. After the event the Office, in cooperation with the entities established a team of experts to propose future steps in fighting the disease in Bosnia and Herzegovina.

An agreement was reached to use uniform procedures regarding implementation of stipulated diagnostic methods.

Implementation of the plan concerning monitoring and control of residuals in live animals and foodstuffs of animal origin in 2008 started rather late, due to very complicated public procurement procedures for the foreseen laboratory sample analysis services. The public procurement procedure was completed at the end of October. It was only then that sampling of residuals in live animals and in foodstuffs of animal origin could have started. Under the residuals monitoring plan it has been foreseen to take the total of 2.211 samples. Out of the foreseen number of samples, 1.404 samples have been taken and analysed before 31<sup>st</sup> of December 2008, which was the deadline established for the purpose or 65% only.

The Office fulfilled its obligation of monitoring global outbreak of contagious diseases as well as international legislation related to the disease control and diagnostic activities. It also prepared corresponding documentation in order to prevent outbreak of individual contagious diseases into Bosnia and Herzegovina. It was also harmonising control measures with the recommendations of OIE/EC/WHO and other internationally recognised institutions, as well as monitoring the incidence and registration of contagious diseases in Bosnia and Herzegovina, issuing monthly newsletters on disease outbreak. It was also in continuous communication with EU/OIE referential laboratories for contagious animal diseases and organising of sample delivery.

In 2008 Head of Animal Identification Agency was appointed.

With the appointment of the new head of the agency and in coordination with the central Office problems were identified and prerequisites for their solution created:

- Preparation for legislation review describing functioning of the system started. Besides cattle tagging it was also supposed to cover other animals (sheep, goats and pigs),
- Control of distribution of tags was increased, which was reflected in the reduction of number of already allocated tags on the ground,
- Communication with regional offices and veterinary stations was intensified, in order to eliminate „bottlenecks” in the system of cattle identification,
- Timely resolution of all the requests and applications from the ground,
- Issuance of ear tags, certificates and passports and their distribution,
- Monitoring obligatory under the valid legislation was done for the first time in FBiH, RS and BD BiH.

Table of Farm Monitoring

	<b>Requested Control (number of farms)</b>	<b>Done</b>	<b>%<sup>11</sup></b>
RS	95	79	80
FBiH	59	15	26
BD BiH	4	4	100

During the last quarter of 2008, within FBiH, in line with the existing entity level legislation, and up to the establishment of an uniform system farm registration system and identification of all animals in Bosnia and Herzegovina under Article 16 of the BiH Law on Veterinary Issues, activities regarding identification and movement control of sheep, goats and pigs have started being implemented, aiming at setting a data base on such animals and farms within the territory of FBiH, animal movement control as well as possibilities of implementing control measures concerning contagious and other animal diseases. Since there is still no regulation at the state level stipulating identification of sheep, goats and pigs, those have not been including in the report since there have been no official data available.

The Office issues Procedural Decisions on imports of animals and of products of animal origin based on the documentation presented by the importer and hygiene/health requirements of the importing country as well as such shipment transit countries. Total number of import shipments. Total number of import shipments in 2008 amounted to about 10.000 which were made possible by a highly developed coordination with border crossing points.

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<sup>11</sup> The percentage refers to the number of farms suggested for monitoring by the Agency

#### 7.4. PHYTOSANITARY POLICY

In 2008 Administration BiH for Plant Health Protection employed six new civil servants, whereas in December jobs for new servants were advertised.

In October, the Administration forwarded *BiH Law on Protection of New Sorts of Plants* with its application for membership of UPOV. In the UPOV Council session in October 2008, attended by the representatives of the Administration, following the invitation of the Council, opinions and proposals concerning amendments to the Law were discussed. The UPOV Council decided to give some time to Bosnia and Herzegovina to make the amendments. The Council also offered their assistance in the new draft following the preparation of which Bosnia and Herzegovina would become an UPOV candidate member. It is expected that the Draft Law will be prepared and forwarded to the Council of Ministers of Bosnia and Herzegovina before June 2009.

In cooperation with the relevant entity and BD BiH authorities, the Administration has drafted a *List of Active Substances* in operation in Bosnia and Herzegovina, the operation of which has either been limited or banned in EU. The list contains 60 active substances. In their 51st session held on 3<sup>rd</sup> of June 2008 the Council of Ministers of Bosnia and Herzegovina adopted the list.

*Rulebook on Measures for Prevention of Inflow, Spreading and Control of Harmful Organisms on Plants, Plant Products and regulated Facilities* was prepared and forwarded to the relevant entity and BiH BD institutions for opinion. Public hearing related to the Rulebook was held on 16<sup>th</sup> of December 2008.

*Rulebook on Requirements for Registration of Owners of certain Plants and Plant Products and other Facilities for the Purpose of Plant Health as well as on Requirements of Plant Passport Issuance* is in its preparatory phase.

Rulebooks under the Law on Plant Health Protection drafted in 2006 related to systemic checkups of potato diseases, have been revised due to amendments of the EU Directive regulating the matter. Rulebooks under the Law on Seeds and Sowing Material have also been revised in order to be adjusted to EU Directives.

The Rulebook concerning supplies of plant protection agents which registration has expired was forwarded to the relevant entity institutions for opinion.

Within the project titled *Integrated Management of Border* an agreement was signed to set up a Risk Analysis Centre with an active participation of the Administration. In the phyto-sanitary area such Centre was set up in the Administration which is supposed to collaborate with the entity and BiH BD inspectorates.

Within the Agriculture and Rural Development Project, activities have been undertaken to establish the current situation of phyto-sanitary laboratories dealing with plant health. Tender has been published for a consultant who is supposed to deal with the situation.

## 7.5. INSPECTION AND ADVISORY SERVICES

Under the *FBiH Law on Inspectorates* (FBiH OG No. 69/05 and 17/06) and *RS Law on Inspectorates* (RS OG No. 113/05), inspection is to be performed in order to ensure implementation of laws and other general pieces of legislation, organisation of inspection authorities and management of such authorities, scope of inspection, rights, obligations and responsibilities of inspectors, mutual relations of inspectorates and other issues of importance for functioning of inspection systems in FBiH and RS.

Inspectorates develop operative collaboration with the relevant agencies at the BiH level in order to ensure rapid response of the BiH Agency for Market Surveillance, the Food Safety Agency of BiH, and the Veterinary Office of BiH and of the Administration BiH for Plant Health Protection.

During 2008 inspectorates implemented activities defined under their work plan, under which, among other things, the number of planned inspection controls which was the base for analysing efficiency of inspectors.

FBiH and RS Inspectorates, in collaboration with three integrated projects USAID - SPIRA (*Streamlining Permits and Inspections Regimes Activity*), USAID - ELMO (*Enabling Labour Mobility*) and ARDP established *Inspection Information System*.

Inspection Information System will enable monitoring and execution of the plan, assessment of realistic planning as well as an insight into complete information relative to inspectorates work results. Electronic data base gives a good basis for preventive and corrective actions, but also for identification of those subjects that break rules. Electronic exchange of data with the authorities and organisations at both entity and state levels should enable access to necessary information and establishment of electronic registers specific for particular inspections.

Under EU PHARE - PFAP (*Private Farmers Assistance Project*) and EU - ESP (*Extension Service Project*) the process of forming agriculture advisory services, so that nowadays there exists a basic organisational structure of such services in BiH, established at both entity and cantonal (regional) levels, including BD BiH.

In RS, Under the Law on Amendments to the Law on Ministries (RS OG No. 33/04) *Agency for Extension Services in Agriculture* was established as a separate technical and administrative organisation with a specified scope of activities.

Agricultural advisory or extension services within FBiH have not been regulated, that is, do not officially exist. In almost all cantons the situation is identical in that respect. In some cantons there are institutes or departments for agricultural extension services which occasionally organise training of farmers. Their activities are mainly related to implementation of programmes and Measures of Financial Support in Primary Agricultural Production. In some cantons there are no such advisory services.

In September 2008 *Draft Law on Agricultural Extension Services in FBiH* was forwarded to parliamentary procedure. In December 2008 public hearing was held with a large number of participants (Working group in charge of drafting medium term strategy concerning extension services, representatives of faculties, institutes, relevant cantonal ministries, representatives of associations of farmers, representatives of cooperative union, non governmental sector etc.) in which Law on Agriculture Extension Services in FBiH and ARDP, namely its sub-component A.4: Strengthening of Agriculture Extension Services were discussed.

Establishing, strengthening, equipment and staffing of Extension Service Agency will be the priority of MAWMF FBiH, following the adoption of the Law on Agriculture Extension Services which is still in parliamentary procedure. In future, strengthening of capacities is expected in both MAWMF FBiH department in charge of extension service policy and the RS Agency for Agriculture Extension Services so that they be able to respond to the requests of producers during the times of the sectoral market oriented development.

Within ARDP activities related to the selection and appointment of an international consultant have been started. Drafting of two medium term entity extension service strategies is the primary task of the consultant. Under the strategies, joint activities will be defined in terms of support to overall harmonisation, entity specific activities reflecting various levels of institutional organisation, as well as various capacities of agriculture extension services. Both entities will participate in the strategy drafting via joint activities of their working groups.

## **7.6. AGRICULTURAL LAND MANAGEMENT POLICIES**

BiH Law on Agriculture, Food and Rural Development has defined targets and obligations in the area of land management that should be implemented in the coming period such as *Land Parcel Identification System in BiH (LPIS)* and establishing of *PTIS* covering land prices. There will be a uniform system of agriculture land parcel identification in BiH recording their geographic position, size, boundaries and other relevant information, whereas PTIS will be in charge of collection, processing and dissemination of data concerning prices and quantities of agricultural land in the BiH and international markets. According to the law, in 2008, preparatory activities concerning analysis of the current situation and establishment LPIS and PTIS have started.

In November 2008 CORINE Land Cover 2006 was successfully completed.

European Union accepted and developed information and coordination programme on environment and national resources titled CORINE - **COoR**dination of **IN**formation on the **Environment**. CORINE Land Cover as a part of CORINE programme should provide geographic information concerning land cover of European countries by creating CORINE Land Cover Database.

The first CORINE Land Cover for BiH started in 1998 and was successfully completed in 2000. During the first project CORINE Land Cover 2000 Database and two studies on changes of land cover were prepared.

CORINE Land Cover 2006 Project started in September 2007. The aim of the project was to update of CORINE 2000 Database and identify changes in between the first inventory and 2006. The obtained Database for Bosnia and Herzegovina was forwarded to the European EEA - European Environment Agency in charge of CORINE Databases for Europe.

Faculty of Agriculture and Food of the University of Sarajevo was in charge of the CORINE Land Cover 2006.



High quality sets of satellite images from the years 2000, 2005 and 2006 (Landsat 5, SPOT-4, SPOT-5 and IRS P6 images), whereas standard CORINE Land Cover nomenclature was used for classification purposes. Basic principles applied in interpretation of changes were to identify changes over 5 ha, wider than 100 that occurred in the period from 2000 – 2006 and are visible in the satellite image, regardless of their position.

CORINE Land Cover in Bosnia and Herzegovina is characterised by the CORINE nomenclature class range from 31 to 44. Analysis showed that over 61,04% of our country is covered by forests and natural vegetation, whereas about 36,69% of it is covered by agricultural surface. Land classified as artificial surface covers about 1,48%, whereas some 0,77% was classified as damp areas.

CORINE Land Cover classes for BiH

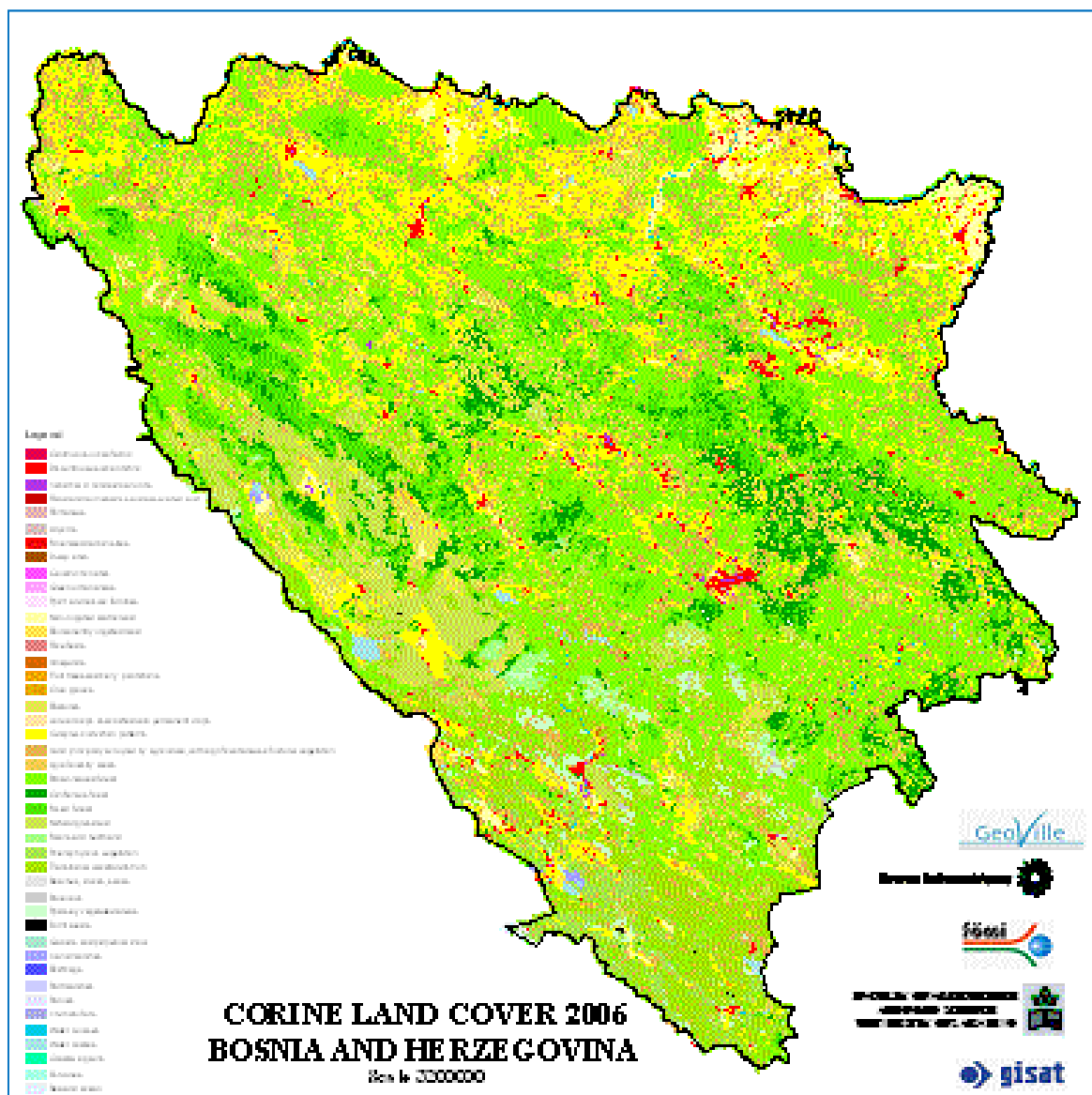
Class	Surface (ha)	%
Integrated urban areas	187	0,004
Non integrated urban areas	56.496	1,103
Industrial and trade areas	6.452	0,126
Road and railway network	172	0,003
Airports	1.078	0,021
Mineral raw material exploitation points	9.930	0,194
Refuse depots	815	0,016
Construction sites	320	0,006
Sporting-recreation surfaces	436	0,009
Non irrigated arable land	111.594	2,179
Irrigated arable land	2.875	0,056
Vineyards	1.148	0,022
Orchards	4.317	0,084
Pastures	405.316	7,914
Groups of arable parcels	773.156	15,097
Agriculture surfaces with considerable share of natural plant cover	580.978	11,344
Deciduous forest vegetation	1.608.478	31,407
Coniferous forest vegetation	245.910	4,802
Mixed deciduous and coniferous forest vegetation	406.775	7,943
Natural grassland	245.265	4,789
High mountain vegetation and heaths	20.389	0,398
Xerotherm vegetation	82.372	1,608
Succession of forest vegetation	449.588	8,779
Beaches dunes and sands	550	0,011
Bare rocks	5.032	0,098
Areas with poor plant cover	61.131	1,194
Burnt areas	827	0,016
Inland swamps	5.023	0,098
Water flows	14.298	0,279
Water bodies	18.958	0,370
Sea	1.457	0,028

In the period from 2000-2006, 48.226 ha of land in BiH changed its class, amounting to about 0,94% of total territory of BiH.

CORINE changes from 2000-2006 (ha)

CORINE Land Cover Class	CLC2006	CLC2000	Change
Artificial surfaces	75.887	68.989	6898
Agriculture areas	1.879.384	1.884.906	-5522
Forests and semi natural areas	3.126.317	3.127.456	-1139
Damp areas	5.023	5.301	-278
Water surfaces	34.712	34.671	41
<b>Total</b>	<b>5.121.323</b>	<b>5.121.323</b>	<b>0</b>

Based on the obtained data it could be stated that artificial surfaces were considerably enlarged, whereas the surfaces under agriculture and semi natural areas were reduced.



CORINE Land cover 2006 map

During 2008 Land Registration Project was continued with the aim to facilitate development of transparent land market in BiH by registration of title rights to real property and additional policies enabling safe and efficient transactions.

Land Registration Project is implemented under the Agreement of Financing - Land Registration Project – entered into between BiH and International Development Agency (IDA), signed on 21<sup>st</sup> of August 2006, and Decision on Ratification (BiH OG, International Agreements No. 1/07 of 11<sup>th</sup> of April 2007). The project implementation started on 11<sup>th</sup> of April 2007, and was supposed to have been terminated in three years. The project has been financed under IDA loan, the BiH entity budgetary funds and donor funds, via technical support to the project implementation in line with the Memorandum, signed between BiH and donors.

Considerable progress has been made in the quoted project in FBiH and RS.

U FBiH, before end of September 2008 553.786 land registry entries were digitalised, representing 56% of total number of land registration entries in FBiH. Digitalisation process of all land registry entries has been successfully finalised at municipal courts in Bihać and Velika Kladuša.

In RS, during 2008 255.592 entries were digitalised, representing 47,89% of total number of land registry entries in RS. Digitalisation of old land registry books has been complete for Bijeljina, Gradiška, Zvornik, Sokolac, Teslić and Foča. Digitalisation of the Doboj First Instance Court Land Registry Office is about to be completed.

Analysis of total number of unresolved requests for entry into the register in FBiH indicates the downturn of percentage. The percentage amounting to 35%, at the end of September 2007, was reduced to 23% at the end of September this year.

Total number of received requests for registration in RS during 2008 amounted to 23.348, which in comparison to the end of 2007 shows an increase of 37%. The number of unresolved requests in the fourth quarter of 2008 was reduced by 2.908, or in percentages, from 12% to 8% cumulatively. Total number of unresolved cases in all 19 courts in RS amounts to 9.948 unresolved requests.

Digitalisation of cadastre plans for particular cadastre municipalities in the municipalities of Tuzla, Tešanj and Vitez, as well as for the agreed cadastre municipalities in the municipalities of Bugojno, Busovača, Donji Vakuf, Fojnica, Gornji Vakuf-Uskoplje, Jajce, Kiseljak, Travnik and Novi Travnik has been completed. There is an ongoing digitalisation of the agreed cadastre municipalities in the municipalities of Olovo, Maglaj, Vareš, Gračanica, Čelić, Kalesija, Srebrenik, Sapna, Čapljina, Čitluk, Jablanica, Neum, Ravno, Stolac, Mostar, Prozor-Rama, Foča-Ustikolina and Prača. Also, works concerning digital ortho photo maps (DOF5) for the municipalities of Gradačac and Čapljina have started.

Digitalisation of cadastre plans for the municipality of Banjaluka was complete on 3<sup>rd</sup> of October 2008. Digitalisation was done in accordance with the valid old data model. Digitalisation of cadastre plans of the municipality of Trnovo has also been completed in accordance with the old valid data model. Tendering procedure concerning digitalisation of the remaining part of the municipality of Banja Luka has been completed and execution of works is going on. Total completed digitalisation of the cadastre municipality of Banja Luka amounts to 20 c.m.

## PROJECTS/ACTIVITIES DURING 2008

### Federal Institute for Agropedology Sarajevo

### Federal Agro-Mediterranean Institute Mostar

- Maps of use value of the land M 1:25.000 have been prepared for Una-Sana, Posavina, Tuzla, Bosnia Drina, Central Bosnia and Sarajevo Cantons have been prepared. The maps for the remaining four cantons are at their final stage.
- Activities concerning enactment „Strategies of Agricultural Land Management 2009-2015” have been entrusted to the Agro-Mediterranean Faculty from Mostar. Enactment of the strategy is expected before the end of 2009.
- The study concerning „Map of Land Use Value in the Federation of BiH M 1:200.000” The quoted map is the basis for The FBiH physical plan to protect rational utilisation of land, establish districts of agricultural production, exploitation of resources, construction etc., In other words, the plan is meant for multifunctional purposes. The map of use value consists of a soil map, map of good land categories and map concerning fertility and contamination of land, giving basic chemical properties of the soil and the degree of contamination by heavy metals and organic pollutants.

- Land fertility control

Total number of executed requests for control in 2008 amounted to 322.

- Agricultural land development and review of opinion concerning programmes of agricultural land development

Projects concerning agricultural land development and review of opinion regarding agricultural land development have been prepared for 176,73 ha within Sarajevo and Zenica Dobož cantons. In 2008 reviews of programmes of land development were done and expert opinions for Sarajevo, Zenica Dobož, Herzegovina Neretva and Central Bosnia Cantons with the total surface of 434,94 ha obtained.

- Remediation of neglected agricultural land

Under the Law on Subsidies in Primary Agricultural Production for 2008, amendments have been made to the Instruction according to which earlier measures of *remediation of neglected agricultural land* was replaced by *giving opinion on programmes covered by subsidies to rural development*. Opinions were given for all 178 quoted areas to which forwarded programmes refer of potential beneficiaries of financial support fulfilling the criteria under chapter D/2-1 *Support to areas with difficulties in business operation*.

- „Priorities in agricultural land demining in FBiH” Study

Maps of priorities concerning demining of agricultural land demining in FBiH M 1:200.000, was done in collaboration with BiH MAC. The study indicates demining priorities concerning agricultural land which will be used for FBiH physical and development planning

- Establishment of FBiH land information system (ZIS)

Establishment of FBiH land information system covers database setup (morphological, physical and chemical properties of soil) from Basic Soil Map of BiH M 1:50.000 according to SOTER (FAO) methodology, digitalisation of the map and its integration into the database.

This is a permanent job of targeted at changes both in and on the land with the application of GIS technologies, satellite images, maps, available soil information, climatic, geological, survey, statistical and other data.

To provide thematic 1:50.000 maps, data were processed from soil maps concerning particular properties of soil. Adjustments of the Basic Soil Map of BiH M 1:50.000 were made to M 1:200.000 as well as transposition of National Soil Classification into WRB classification. For the Purposes of The Federal Ministry of Spatial Planning areas were classified according to altitude and gradient degree.

- Digitalisation and archiving of the Institute available technical, library and administrative – accounting data and soil samples

There are ongoing activities on setting up a digital database of available technical, library references, storage of accounting documentation and samples of soil done in phases.

- Establishing of FBiH Land Control Offices

Under „Development, Protection and People and Material Goods Rescue from Natural and other Disasters Programme for the Period from 2007 to 2011” Federal Institute for Agropedology established, in 2008, their Control of Land Service in line with the Decree on Organisation of Protection and Rescue Services

- In 2008 cooperation was materialised with the Federal Ministry of Physical Planning and Environment to develop FBiH Spatial Physical Plan.
- Vineyard Cadastre development

In 2008, implementation of a three year project titled „Vineyard Cadastre of Bosnia and Herzegovina” has started. Vectorisation of vineyard surfaces was done within the Municipality of Čitluk was done and table containing data relevant for numerical database development created.

#### **Agricultural Institute of the Republic of Srpska**

- Fundamentals of Protection, Use and development of Agricultural Land of RS as a Component in the process of Land Use Planning (2008-2009).
- Inventory and Analysis of Existing RS Resources. Development of GIS Foundations M 1:100.000 for Land Use planning: (*network of soil profiles, (new profiles), potential erosion (USLE), land cover and manner of land use, size of parcels, surfaces under mines (danger of mines), suitability for agricultural cultures, economic and ecological zoning, land monitoring proposal*).
- Protection of Biodiversity in the River Sava Area Subject Periodically Inundated 2006-2009
- GIS Foundation Development-manner of land use in periodically inundated areas of the River Sava, land use planning.
- Digital database upgrading on agricultural land resources and BiH land capability evaluation within BD BiH. GIS Foundation Development in M 1:50.000 for the purpose of land use planning: *digital form of terrain, gradient map, gradient aspect, pedology, real estate solvency, hydrology, transportation network, potential erosion (USLE), land cover and manner of land use, parcel size, surfaces under mines, climatic data, fertility and contamination of land, acidity and need for calcification of land, suitability for agricultural cultures cultivation, economic and ecological zoning.*

In 2008, activities concerning demining have been continues. Suspicious surfaces meant for agriculture in BiH amounts to 522,15 km<sup>2</sup> representing 31,02% of total suspicious surface in BiH amounting to 1.683,44 km<sup>2</sup>. In 2008, the surface of 5.962,29 m<sup>2</sup> was demined via 162 projects. 51 are being implemented to demine the surface of 2.627.257 m<sup>2</sup>.

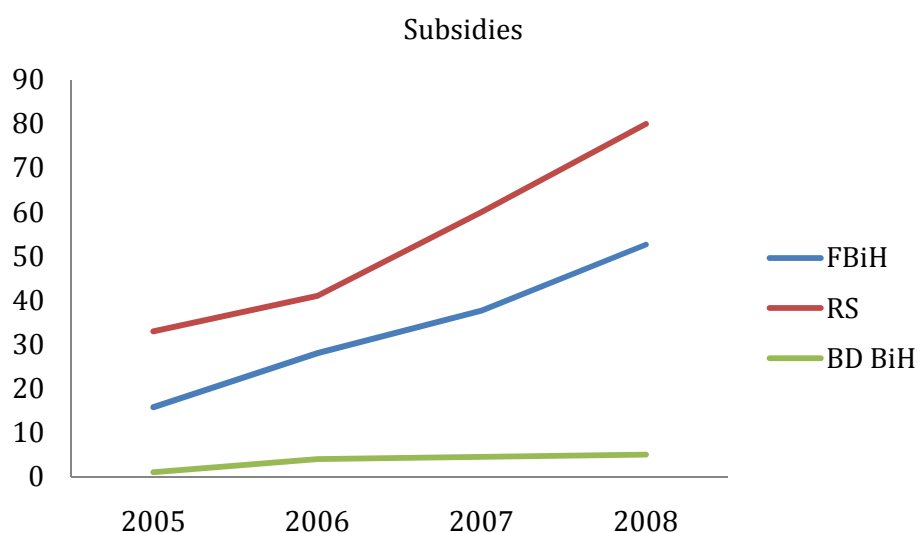
## 7.7. SUBSIDIES

Bosnia and Herzegovina has no coherent policy on incentives in agriculture.

In 2008 the BiH MoFTER Sector for Agriculture, Food, Forestry and Rural Development under the assistance of SESMARD Project developed the document titled *Harmonisation of Subsidies in Agriculture*, that is, a proposal has been developed concerning agricultural subsidies within BiH and recommendations to subsidising agriculture in line with agricultural subsidies in EU.

FBiH, RS and BD BiH do have policies on subsidising in agriculture that differ very much both in their amounts and their targets and criteria of distribution. BiH Entities and BD BiH increase their subsidies every year, under effective pieces of legislation and special regulations, (Rulebooks and Instructions) enacted for each budgetary year on the basis of which requirements concerning rights to subsidies are acquired, as well as total amount of funds for each agricultural production, and the total amount of funds allocated for agricultural production

BiH Entities and BD increase their funds allocated for subsidies, which is indicated under the following graph.



In FBiH, total value of subsidies amounted to 52.650.000,00 KM, out of which 52.376.871,89 KM, or 99,48% were realised. The subsidy amount in 2007 was 37.531.127,19 KM.

Since 2008, for the first time, support for the calf cow system, investment projects, the BiH Development Bank credits, insurance premium co financing in agricultural production have been introduced. Within rural development support measures for young farmers and investment in rural infrastructure have been introduced. Also, assistance in technical training has been introduced.

### Structure of Subsidies (2008)

	<b>Amount (KM)</b>	<b>Participation (%)</b>
Animal production	23.770.162,97	45,38
Plant production	5.090.676,45	9,72
Investment projects	13.781.579,90	26,31
Interest rate subsidy	836.038,03	1,60
Insurance co financing	2.251,75	0,004
Technical projects	1.027.000,00	1,96
Rural development	6.520.534,79	12,45
Training and , technical events, seminars, fairs	644.000,00	1,23
Support to organisation of farmers	254.000,00	0,48
Assistance in technical training	277.000,00	0,53
Projects and delayed orders from 2007	73.628,00	0,14
Reserves	100.000,00	0,19
<b>Total</b>	<b>52.376.871,89</b>	<b>100</b>

Source: MAWMF FBiH

In RS, total of 80.000.000,00 KM was paid for subsidies, of which 219.616,08 KM was paid for subsidy applications from 2007. Liabilities concerning applications from 2008 will be paid under the 2009 budget and amount to 23.815.627,00 KM, totalling to 103.805.471,25 KM as per realised applications from 2008.

Total amount for subsidies in 2007 amounted to 64.079.095,56 KM.

Since may 2008 data from the Register of Farms have been in active use, primarily for calculation of subsidies for spring sowing/planting in 2009.

### Structure of Subsidies for Agriculture and Rural Development (2008)

	<b>Amount(KM)</b>	<b>Participation (%)</b>
Support to production and income	65.140.611,74	62,75
Support to long-term investment	11.522.447,57	11,10
Support to rural development	9.385.386,77	8,85
Intervention measures and emergency assistance	17.728.409,09	17,07
<b>Total</b>	<b>103.805.471,25</b>	<b>100</b>

Source: MAFWM RS

In BD BiH, total value of subsidies amounted to 4.854.791,67 KM out of which 3.733.267,60 KM, were realised or 76,89%. Subsidies in 2007 amounted to 5.041.016,07 KM.

### Structure of Subsidies (2008)

	<b>Amount (KM)</b>	<b>Participation (%)</b>
Fruit growing	425.814,00	8,77
Vegetable growing	57.517,00	1,18
Cultivation of soil	1.823.600,00	37,56
Cattle raising	2.273.840,00	46,83
Capital investments	234.198,17	4,82
Global gap	39.821,70	0,82
<b>Total</b>	<b>4.854.791,67</b>	<b>100</b>

Source: BD BiH

## 7.8. CREDITING IN AGRICULTURE SECTOR

There are two sources of financing via which individuals, collectives and companies from rural areas may get short term credits under the same conditions as other business sectors, that is via commercial banks and micro financial institutions. The majority of *commercial banks* in BiH offer short term credits for financing of turnover capital, whereas *micro financial institutions* offer credits for small and medium size companies that cannot meet the requirements of commercial banks.

*Federal Investment Bank*, founded by the Government of FBiH, has a special credit line for long-term financing of agricultural production. The aim of the credit line is to offer financial support to modernisation and expansion of agricultural production, building of capacities in food processing industry, and to provide favourable sources of financing. The bank offers its beneficiaries the possibility to ensure soft sources of funding for their regular operation, as well as for implementation of new projects, whereas MAWMF FBiH provides grants to stimulate faster development of agricultural production and interest rate subsidies on investment credits, which has been determined under the FBiH Development Strategy.

*Investment Development Bank of the Republic of Srpska*, founded by the Government of RS, has a special credit line for agriculture and a credit line for micro business in agriculture. In 2008 Investment Fund engaged its funds in two credit lines for agriculture exclusively, but the agricultural sector beneficiaries could apply for the funds under the other two credit lines via credits for initial business activities and credits for entrepreneurs and companies.

Rights to the quoted credit lines can be claimed by legal persons and entrepreneurs engaged in production and processing in agriculture or fishery and which have been entered into the Register of Farms with APIF.

Crediting of agriculture in BiH is done via international project funds, such as, among others:

1. Improvement of Livestock and Rural Financing Project;
2. Small Size and Commercial Agriculture Development Project;
3. Improvement of Entrepreneurship in Rural Areas Project;
4. Improvement of Agriculture and Rural Areas Project;
5. Agriculture and Rural Development Project.

Of the above mentioned in 2008 Improvement of Livestock and Rural Financing Project was completed.

Projects are financed under the World Bank loan or International Fund for Agriculture Development (IFAD), with the contribution of both entities.



## **8. LEGISLATION**

- Laws enacted in 2007 and 2008
- Rulebooks
- Decisions
- Decrees
- Procedural Decisions
- Orders
- Resolutions
- Instructions
- List

## 8.1. LAWS ENACTED IN 2007 and 2008

### Laws at the Level of the State of BiH

<b>Title of the Law</b>	<b>BiH OG No. BiH</b>	<b>Year of Enactment</b>
Law on Amendments to the Law on Market Surveillance in of BiH	44/07	2007
Law on Amendments to the Competition Law	76/07	2007
Law on Agriculture, Food and Rural Development of BiH	50/08	2008
Law on Wine, Brandy and Other Grape and Wine Products	25/08	2008
Law on Cessation of Validity of the Law on Bottled Drinking Water of BiH	83/08	2008

### Laws at the level of the Federation of BiH

<b>Title of the Law</b>	<b>FBiH OG No.</b>	<b>Year of Enactment</b>
Law on Amendments to the Law on Tobacco	51/07	2007
Law on Agriculture	88/07	2007
Law on Amendments to the Law on Spatial Planning and Use of Land at the Federation of BiH Level	72/07	2007
Law on Amendments to the Law to the Law on Companies	91/07	2007
Law on Amendments to the Law on Expropriation	70/07	2007
Law on Drugs used in Veterinary Medicine	70/08	2008
Law on Amendments to the Law on Agricultural Companies	88/08	2008

### Laws at the Level of the Republic of Srpska

<b>Title of the Law</b>	<b>RS OG No.</b>	<b>Year</b>
Law on Amendments to the Law on Agriculture	20/07	2007
Law on Amendments to the Law on Agricultural Land	86/07	2007
Law on Amendments to the Law on Agriculture	86/07	2007
Law on Environment Protection – clean slate version	28/07	2007
Law on Amendments to the Law on Expropriation	37/07	2007
Law on Trade	6/07	2007
Law on Welfare and Protection of Animals	111/08	2008
Law on Forests	75/08	2008
Law on Hunting	34/08	2008
Law on Agricultural Cooperatives	73/08	2008

### Laws of the BiH Brčko District BiH Level

Title of the Law	BD BiH OG No.	Year
Law on Concessions	19/07	2007
Law on Agricultural Cooperatives	19/07	2007

## 8.2. RULEBOOKS

### a) BiH Official Gazette

- *Rulebook on Amendments to the Rulebook on Phytosanitary Requirements for Wooden Packaging Material in International Transport (OG No. 24/08)*
- *Rulebook on Requirements concerning Additives in Food (OG No. 83/08)*
- *Rulebook on Use of Sweeteners in Food (OG No. 83/08)*
- *Rulebook on Use of Additives in Food Excluding Colorants and Sweeteners (OG No. 83/08)*
- *Rulebook on non alcoholic Beverages and similar Products (OG No. 85/08)*
- *Rulebook on Identification of Nutritive Values of Packaged Food (OG No. 85/08)*
- *Rulebook on Use of Colorants in Food (OG No. 85/08)*
- *Rulebook on Spirits and Alcoholic Beverages (OG No. 87/08)*
- *Rulebook on General Declaration and Marking of Packaged Food (OG No. 87/08)*
- *Rulebook on Fruit Juices, Fruit Nectars and similar Products (OG No. 87/08)*

### b) FBiH Rulebooks

- *Rulebook on Kind of Uniform, Insignia, Requirements concerning Use of Hunting Weapons and Size of Game Keeping Area (OG No. 63/08)*
- *Rulebook on Amendments to the Rulebook on Obligatory Identification and Entry into the Single Register of Sheep, Goats, Pigs and Record Keeping (OG No. 64/08)*
- *Law on Hunting Season of Close Season Protected Game and List of Birds and Mammals considered useful in Agriculture and Forestry (OG No. 05/08)*
- *Rulebook on Use of Hunting Weapons and Bullets (OG No. 05/08)*
- *Rulebook on Establishing and Marking of Hunting Ground Boundaries and the Procedure concerning Establishing Hunting Grounds in FBiH (OG No. 05/08)*
- *Rulebook on Content, Form, Requirements, Issuance and Safekeeping of Water Documents (OG No. 6/08)*
- *Rulebook on Content and Form of Declaration on Quality of Forest and Horticulture Planting Material, and Content and Record on issued Declaration on Quality of Forest and Horticulture Planting Material (OG No. 19/08)*
- *Rulebook on Damage Compensation Procedure for Harmless Disposal of seropositive Animals (OG No. 23/08)*

### c) RS Official Gazette

- *Rulebook on Requirements and Acquisition of Agriculture and Rural Development Cash Stimulus (OG No. 20/08)*
- *Rulebook on Amendments to the Rulebook on Requirements and Acquisition of Agriculture and Rural Development Cash Stimulus (OG No. 56/08, 71/08, 97/08, 106/08)*
- *Rulebook on Requirements of Organic Product Certificate Issuance (OG No. 113/08)*
- *Rulebook on Allocation of Funds for Trial or Demonstration Set Up and Support of Agricultural Manifestations (OG No. 101/08)*

### **8.3. DECISIONS**

- *Decision on Appointment of Expert Team for Development, Coordination and Harmonisation of the Natural Gas Sector Legislation in BiH (BiH OG No. 47/08)*
- *Decision on Confirmation of the Foreign Trade and Economic Relations Minister Appointment (BiH OG No. 63/08)*
- *Decision on Amendments to the Decision on Import Ban of Certain Shipments to prevent Inflow of Foot and Mouth Disease into Bosnia and Herzegovina (BiH OG No. 04/08)*
- *Decision on Adoption of „Agriculture Report 2007“ (BiH OG No. 10/08)*
- *Decision on Confirmation of the World Bank „Agriculture and Rural Development Project“ Governing Board Members (BiH OG No. 10/08)*
- *Decision on Appointment of Pre-Accession Instrument Assistance Coordination Board Members (IPA) (BiH OG No. 92/08)*
- *Decision on Amendments to the Decision on Import Ban of Certain Shipments to prevent Inflow of Blue Tongue into Bosnia and Herzegovina (BiH OG No. 95/08)*
- *Decision on Establishing Requirements for Immediate Price Control Measures by the relevant Cantonal Authorities, by Establishing Margins for all kinds of Flour, Bread, Cereals and Milk (FBiH OG No. 70/08)*
- *Decision on Market Intervention through Purchase of Cooking Oil (FBiH OG No. 06/08)*
- *Decision on Market Intervention through Sales of Flour (FBiH OG No. 07/08, 18/08, 27/08)*
- *Decision on General Conditions of Public Forest Wood Assortment Sales within FBiH (FBiH OG No. 13/08)*
- *Decision on Temporary Suspension of Federal Commodity Reserves 500 type Flour Sales in the Federation of BiH Market (FBiH OG No. 48/08)*

### **8.4. DECREES**

- *Decree on Fresh Raw Milk Quality and Fresh Raw Milk Price Establishing (FBiH OG No. 70/08)*

### **8.5. PROCEDURAL DECISIONS**

- *Procedural Decision on Amendments to the Procedural Decision on Appointment of Working Groups for Harmonisation of Bosnia and Herzegovina Legislation with *acquis communautaire* (BiH OG No. 47/08)*
- *Procedural Decision on Appointment of Working Groups for Harmonisation of Bosnia and Herzegovina Legislation with *acquis communautaire* (BiH OG No. 21/08, 23/08)*
- *Procedural Decision on Acceptance of Slobodan Puhalac Resignation and Step-down from the Position of the Minister of Foreign Trade and Economic Relations (BiH OG No. 54/08)*
- *Procedural Decision of Establishing Bear Raising Areas (FBiH OG No. 63/08)*
- *Procedural Decision of Establishing Chamois Raising Areas (FBiH OG No. 63/08)*
- *Procedural Decision on Establishing Working Group on Eradication of Sheep and Goat Brucellosis Programme in FBiH (FBiH OG No. 05/08)*
- *Procedural Decision on Fulfilment of Conditions for Physical and Chemical Analysis of Animal Origin Products (RS OG No. 14/08)*

#### **8.6. ORDERS**

- *Order on Temporary Import Ban into BiH, Transit via BiH Territory, Withdrawal from the BiH Market of Milk and of Milk Products and Increased Market Control in BiH Market of Complex Composition Foodstuffs Containing Milk Components Originating or having been delivered from the Peoples Republic of China (BiH OG No. 85/08)*
- *Order on Restriction of Transport and Movement of Cattle, Sheep and Goats in Bosnia and Herzegovina (BiH OG No. 47/08)*
- *Order on Control Measures of Contagious and Parasitic Animal Diseases their Implementation and Financing in 2008 (BiH OG No. 48/08)*
- *Order on Temporary Import Ban into BiH, Transit via BiH Territory, Withdrawal from the BiH Market of Milk and of Milk Products and Increased Market Control in BiH Market of Complex Composition Foodstuffs Containing Milk Components Originating or having been delivered from the Peoples Republic of China (BiH OG No. 85/08)*
- *Order on Operative Masterplan on Flood Defence for 2008 (RS OG No. 14/08)*
- *Order on Restriction of Transport of Cattle, Sheep and Goats within the Territory of the Republic of Srpska (RS OG No. 25/08)*

#### **8.7. RESOLUTION**

- *Resolution of Bosnia and Herzegovina EU Accession Process (BiH OG No. 25/08)*

#### **8.8. INSTRUCTION**

- *Instructions on Conditions and Procedure of Licence Issuance for Import Export and Transit of Chemicals under Annex on Chemicals (BiH OG No. 11/08)*
- *Instructions on Conditions and Procedure of Licence Issuance for Production, Processing and Use of Chemicals under Regulation 2 (BiH OG No. 11/08)*
- *Instruction on Procedure on International Inspectors Acceptance and Establishing of Expert Team (BiH OG No. 11/08)*
- *Instructions on Conditions and Procedure of Licence Issuance for Production, Supply, Possession, Transfer or Utilisation of Chemicals under Regulation 1 (BiH OG No. 11/08)*
- *Instructions on Conditions and Procedure of Licence Issuance for Production, Processing and Utilisation of Chemicals under Regulation 3 (BiH OG No. 11/08)*
- *Instructions on Conditions and Procedure of Licence Issuance for Storage of Chemicals under Annex of Chemicals (BiH OG No. 11/08)*
- *Instruction on Content, Terms and Manner of Data Provision (BiH OG No. 11/08)*
- *Instructions on Licence Issuance for Import Export into and from Bosnia and Herzegovina of Substances Damaging Ozone Layer (BiH OG No. 43/08)*

#### **8.9. LIST**

- *List of Finished Drugs used in Veterinary Medicine approved for Circulation as from 1<sup>st</sup> of July 2008 to 31<sup>st</sup> of December 2008.*

**9. AGRICULTURE AND RURAL  
DEVELOPMENT PROJECT FOR BOSNIA AND  
HERZEGOVINA**

### **9.1. Agriculture And Rural Development Project for Bosnia and Herzegovina**

Agriculture and Rural Development Project became effective on 26<sup>th</sup> of February 2008. Implementation of the project was planned for the period from 1<sup>st</sup> of October 2007 to 31<sup>st</sup> of December 2011. The project is funded under IDA credit in the total amount of 21 million US Dollars. The credit is to be repaid in 20 years with the grace period of 10 years. The Credit liabilities were accepted by the Entity Governments in the ratio of 52% by FBiH Government and 48% by RS Government. Additional participation of BiH in this project amounts to 9, 19 million of US Dollars, whereas SIDA grant amounts to 6 million of US Dollars. Thus the total project funds amount to 36, 19 million of US Dollars.

The aim of the Agriculture and Rural Development Project is to support BiH in strengthening institutional capacities at both entity and state levels, in provision of more efficient agricultural extension services and support programmes, as well as to significantly contribute to BiH eligibility for support funds within IPA-RD. The project supports development of agricultural information, building of institutional capacities including agriculture and rural development information systems, strengthening of Veterinary Office at the state level, safety of food, phytosanitary services, agriculture inspection capacities and agriculture extension services. Besides, the project supports development of enhanced support programmes in agriculture and rural development in line with EU IPA-RD requirements, including strengthening of planning and coordination of rural development programmes, payment systems for rural development and increase of investment grants for targeted purposes and areas.

Basic components of the project are:

- **Agriculture Information and Institutional Capacity Building**

*Harmonisation of various activities and functions at the level of both entities is the main target of this component, in order to facilitate consolidation of the system at the state level.*

- **Agriculture and Rural Development Support Programme Strengthening**

*Elimination of all constraints and building of a harmonised, efficient and transparent programme of support to rural development and payment system, that could by the end of the project could be certified by EU as well as increase of available funds for particular purposes, are the main target of the project*

- **Project Coordination, Management and Monitoring**

*Capacity strengthening within the entity ministries of agriculture and within the MoFTER BiH Sector for Agriculture, Food, Forestry and Rural Development is the main target of this project component, aiming at their coordination, administration, monitoring and evaluation of the project.*

Agriculture and Rural Development Project is being implemented via two Agriculture Project Implementation Units within the entity ministries of agriculture as well as Activity Coordination Unit within the MoFTER BiH Sector for Agriculture, Food, Forestry and Rural Development.

Such a complex project also requires engagement of additional consultants in the entity ministries of agriculture and MoFTER BiH, so that the project has also strengthened expert human resources within the quoted institutions.

The project implementation is monitored and managed by the Governing Board consisting of the entity ministers of agriculture and of finance, as well as the BiH Minister of BiH Treasury, BiH DEI director, director of Food Safety Agency of BiH, Administration BiH for Plant Health Protection and Veterinary Office of BiH directors. The Minister of Foreign Trade and Economic Relations of Bosnia and Herzegovina is the Governing Board Chair.

A joint technical working group has also been established consisting of the representatives of the project funds beneficiaries representing an operative project authority proposing solutions for its more efficient implementation.

Project implementation has been monitored and evaluated by the monitoring and evaluation consultant preparing quarterly, bi-annual and annual reports forwarding them to the entity ministries of agriculture and the project coordinator within MoFTER BiH. On their approval reports are submitted to the World Bank which supervises the project. Supervision is done by the World Bank missions in BiH and by video conferences.

In 2008 project implementation activities started.

### **Component A: Agriculture Information and Institutional Capacity Building**

This component covers the following subcomponents:

- **Improvement and Upgrading of Information Systems in Agriculture and Rural Development Sectors**

For the purpose of establishing payment system, purchase of software and hardware for an uniform register of farms was supported.

- **Strengthening of Veterinary, Food Safety and Phytosanitary Services**

Under this sub component activities have been initiated concerning engagement of a consultant for risk evaluation in the segment of food safety and veterinary component of activities in respect of establishing an uniform register of small animals. In the Administration BiH for Plant Health Protection activities have been initiated concerning engagement of a consultant to look at the state of laboratories performing phyto analysis.

- **Agriculture Inspectorate Capacities Strengthening**

Under this project, agriculture, veterinary and phytosanitary inspections have been covered. Through the project, activities concerning purchase of vehicles, a boat, IT equipment for database and more adequate flow of information have been initiated. A large number of inspectors have successfully completed ECDL training, 142 from RS and 99 from FBiH.

- **Strengthening of Agriculture Extension Services**

Agriculture extension services strategy will be the basis of the sector development. In order to develop those strategies for both entities, besides local experts an international consultant has been engaged to support the strategy development.



## **Component B: Strengthening of Agriculture and Rural Development Support Programme**

This component covers the following sub components:

- **Rural Development Planning and Coordination Programme Strengthening**

In both entities and in the BiH MoFTER Sector for Agriculture, Food, Forestry and Rural Development consultants for rural development planning and coordination have been engaged. Activities concerning purchase of IT equipment, furniture and vehicles for the sector have been implemented. Also, a number of meetings has been held to harmonise agriculture and rural development support measures.

- **Rural Development Payment System Strengthening**

Under this sub component activities have been initiated to purchase software and hardware to enable registration of producers and clients which will be the basis of payment system improvement in line with EU and rural development measures implementation. Also, a number of trainings were done on storage and control of data for the registration of clients.

- **Increase of Investment Grants for targeted Purposes and Areas**

Following the establishment of a harmonised payment system, activities concerning grants provided by SIDA and the entity governments will be started.

## **Component C: Project Coordination, Management and Monitoring**

This component will support establishing units for the project coordination within MoFTER BiH, MAWMF F BiH and MPAFWM RS.

To improve entity ministries capacities besides new staffing new equipment was provided through the project and training of staff performed through partner's co financing.

## **10. BOSNIA AND HERZEGOVINA AND EUROPEAN UNION**

- Stabilisation and Accession Agreement
- Instrument for Pre-Accession Assistance

### 10.3. Stabilisation and Accession Agreement

*Stabilisation and Accession Agreement between EU and BiH (SAA)* was signed on 16<sup>th</sup> of June 2008 in Luxembourg. By signing SAA, BiH entered into its first contractual relationship with EU and due to „evolutive clause” confirmed its status of the potential candidate country.



*SAA Signature in Luxembourg*

SAA is of „mixed” character, meaning that when it comes to areas of cooperation member countries share responsibilities with EU. Due to such mixed character, in order to become fully effective SAA has to be ratified by all the parliaments of member countries, by the European Parliament and by the BiH Parliamentary Assembly. The BiH Presidency ratified SAA on 6<sup>th</sup> of November 2008. In November 2008 it was ratified by Hungary and Estonia, and by Slovenia, in December of the same year.

SAA regulates relations between BiH and EU in all three EU pillars (*European Community: Economic Policies and Internal Market, Joint Foreign and Security policies, Judiciary and Interior Affairs.*). SAA consists of 10 chapters as follows: *general principles; political dialogue; regional cooperation; free movement of commodities; movement of labour, business settling, service provision, movement of capital; Harmonisation of laws, implementation of rights and rules of competition; justice, freedom and security; cooperation policies; financial cooperation; institutional general and final provisions. Interim Trade Agreement* constituting a part of SAA and mainly regulating transport and trade issues between BiH and EU will be effective prior to its ratification by all member countries.

#### **Interim Trade Agreement Structure**

##### **Annex I**

*Customs Concessions to BiH for the Community Industrial Products*

##### **Annex II**

*Definition of Beef Products*

##### **Annex III**

*Customs Concessions to BiH for Primary Agricultural Products originating from the Community*

##### **Annex IV**

*Customs applied to the Commodities originating from BiH in import into the Community*

##### **Annex V**

*Customs applied to the Commodities originating from the Community in import into BiH*

##### **Annex VI**

*Intellectual, Industrial and Trade Property Rights*

##### **Protocol 1**

*On Processed Agricultural products Trade between the Community and BiH*

##### **Protocol 2**

*On the Definition of „Products with Origin” Concept as well as Manner of Administrative Collaboration in Application of provisions under this Agreement between the Community and BiH*

##### **Protocol 3**

*on State Assistance to Steel Industry*

##### **Protocol 4**

*on mutual Administrative Assistance in Customs Issues*

##### **Protocol 5**

*Resolution of Disputes*

##### **Protocol 6**

*on mutual Reciprocal Preferential Concessions determined for certain Wines, Reciprocal Recognition, Protection and Control of Wine Titles, of alcoholic Beverages and aromatised Wines*

The interim agreement has become effective on 1<sup>st</sup> of July 2008.

The interim agreement foresees establishing of:

1. Interim Governing Stabilisation and Accession Committee,
2. Five Interim Sub-Committees as follows:
  - Sub-Committee for Trade, Industry Customs, Taxation and Cooperation with other Countries Candidates;
  - **Sub-Committee for Agriculture, Fishery and Food Safety;**
  - Sub-Committee for Internal Market and Competition;
  - Sub-Committee for Economic and Fiscal Issues and Statistics;
  - Sub-Committee for Transport.

In 2008 *Interim Sub-Committee for Agriculture, Fishery and Food Safety*, chaired by a MoFTER representative. This Sub-Committee is under the obligation to set up a working group to take the lead of all the activities related to agriculture, fishery and food safety, and carry over EU *acquis* on the quoted areas in coordination with BiH MoFTER Sector for Agriculture, Food, Forestry and Rural Development and European Integration Directorate. The first meeting of Sub-Committee for Agriculture, Fishery and Food Safety was held on 17<sup>th</sup> of December 2008.

Interim Trade Agreement foresees gradual establishing of free trade areas between EU and BiH in the transitional period of five years following entry of this Agreement into force. Thus, by signing the Agreement BiH begins opening its market, reduce and abolish customs on agreed groups of products. In the first place, abolishing customs within the shortest possible period of time was foreseen for the raw materials from EU for which there is a need in BiH and for other products where there is no possibility of development for BiH in that regard. The highest level of protection will be retained for certain agricultural products, some of which will even remain protected on the expiry of the five year transitional period. In is important to underscore that EU has liberalised its market for products from BiH since 1997, with certain restrictions for particular products for which EU insists on retaining quotas.

BiH task is to implement the provisions of the Agreement and continue its activities and fulfilment of criteria for full membership. The next step, following the Agreement signature, is an application for EU membership and acquisition of candidate status. The coming period will be characterised by major reform process in order for BiH to adjust itself and meet the criteria for the EU membership, simultaneously working on the SAA implementation.

#### **10.4. Instrument for Pre-Accession Assistance**

IPA is a pre-accession instrument for the period from 2007-2013, supporting countries candidates and potential candidates in meeting pre-accession criteria (political, economic criteria and the criteria related to *acquis*) through building of administrative and judiciary capacities serving as a preparation for EU accession funds management (*Cohesion Fund, Structural Fund and Rural Development Fund*).

Fundamental strategies documents for establishing priorities for IPA programming are: European Partnership, Report on Progress, Strategy of Enlargement and Key Challenges 2008-2009, Multi-Annual Indicative Planning Document, and National Strategic Documents.

BiH, as a potential candidate for EU membership claims the right to access to two of the total of five IPA components i.e. assistance in transition and institution building in transnational cooperation.

Funds Approved for the First Two IPA Components for BiH (million Euro)

	2007	2008	2009	2010
Transition assistance and institution building	58,1	69,9	83,9	100,7
Trans-national cooperation	4,0	4,9	5,2	5,3
<b>Total</b>	<b>62,1</b>	<b>74,8</b>	<b>89,1</b>	<b>106,0</b>

Under the first IPA component for 2007, three projects were planned in the area of agriculture, food and rural development:

**1. Strengthening and Harmonisation of BiH Information Systems for Agriculture and Rural Development Sectors**

BiH Agriculture Information Structures development in line with EU and other internationally accepted standards of information support, in order to assist the sector development policy in major decision taking, is the aim of the project.

The project value amounts to 1,5 million Euro.

**2. Strengthening of Capacities for BiH Rural Development Programming**

The project will contribute to its main aim i.e. development of a sustainable, competitive and dynamic sector for agriculture, food and forestry in BiH by strengthening administrative structures, harmonisation and adjustment of the sector to EU via a increased economic and social development of rural communities.

The project value amounts to 1 million Euro.

**3. Support to Implementation of BiH Legislation on Food**

General aim of the project is to guarantee safety of food and of fodder to BiH and EU consumers by implementing EU food safety principles.

The project value amounts to 1 million Euro.

The first two projects were candidated by the MoFTER BiH Sector for Agriculture, Food, Forestry and Rural Development, whereas the third project was candidated by the Food Safety Agency of BiH.

Complex institutional and political environment, including significant postponement of both Framework Agreement for IPA and Financial Agreement IPA 2007, as well s difficulties during appointment of National IPA Coordinator, delayed IPA implementation start up.

In line with the tendering procedure, EC implemented a tender pre-qualifier for IPA 2007 projects, by the end of 2008.

The quoted projects are expected to start by the middle of 2009 following the completion of tendering procedure.

Component on rural development is a special challenge for agriculture. The component is targeted at development of policies and preparations for implementation and management of joint EU policy. In order to prepare and create structures and capacities for the management of funds under IPA rural development programme, the BiH MoFTER Sector for Agriculture, Food, Forestry and Rural Development candidated the following programme under IPA 2008 programming Process:

- ***Capacity Building in Agricultural Policy and Preparation of BiH for Rural Development Programme Access (IPA-RD)***

The aim of the project is to contribute to the development of a sustainable, competitive and dynamic sector of agriculture, food and forestry in BiH and its gradual adjustment to the institutional and regulatory requirements and standards of EU legislation (acquis). Total value of the project amounts to 2, 5 million Euro with BiH co-financing amounting to 411.000 Euro.

Administration BiH for Plant Health Protection candidated the following project in the process of IPA 2008 programming:

- ***Support to Establishing Integrated Phytosanitary Services at the State Level***

The project value amounts to 700.000 Euro, with the aim of strengthening phytosanitary sector, phytosanitary laboratories, strengthening capacities via education and training of phytosanitary inspectors and technical assistance to the Administration in the development of the necessary legislation in line with EU directives.

BiH Agency for Food Safety candidated the following project:

- ***Strengthening of Capacities of the Food Safety System and Laboratories***

The funds planned for the project amounting to 800.000 Euro will be spent on supplies of sophisticated equipment for the laboratories certified for official control and analysis of samples.

The three quoted projects are integrated in one project Fiche due to a limited number of projects set by EC.

This integrated project is titled *Capacity Building in Agricultural and Food Safety Policies and Preparation of BiH for IPA Rural Development Programme Access (IPA-RD)*.

Total value of the project amounts to 4.807,677 Euro.

Should the project reach its goal, administrative capacities will have been created, at all levels in BiH, for coordination and harmonisation of policies and support measures for improvement of competitiveness of agricultural sector. Also, the project foresees establishing of financial, budgeting and payment systems of BiH In line with IPA-RD.

Activities will be implemented independently, i.e. each project candidated by BiH MoFTER, Administration BiH for Plant Health Protection and Food Safety Agency of BiH will have its own terms of reference.

Under IPA 2008 Programming Veterinary Office of BiH candidated the project titled:

- ***Support to Control and Eradication of Animal Diseases, Rabies and Classical Swine Fever in BiH***

The project aims at improving the situation concerning animal health in BiH with a special focus on certain animal diseases such as rabies and classical swine fever which have serious economic implications and have an impact on a wider population of BiH

Project implementation, IPA 2008 programming, was planned for 2010.

With the aim of further strengthening of agriculture information system, started with the activities under *Agriculture and Rural Development Project* and *Strengthening and Harmonisation of Information Systems of Agriculture and Rural Development BiH Project* via IPA-e 2007, and within IPA 2009 programming BiH MoF TER Sector for Agriculture, Food, Forestry and Rural Development was planned to candidate two projects:

- *Establishing of BiH Agricultural Market Information System BiH (PTIS BiH);*
- *Development of BiH Land Parcels Identification System (LPIS BiH).*

The quoted projects are aimed at the development of BiH information structure in line with EU and other internationally accepted standards and procedures.

Under IPA 2009 Administration BiH for Plant Health Protection has planned to finance the project which would continue strengthening and equipment of phytosanitary laboratories, whereas the Veterinary Office of BiH planned to apply for a project on establishing a pound to meet the needs of BiH with its capacities.



## **11. EDUCATION**



## 1.9. EDUCATION

BiH Law on Civil Service (BiH OG No. 19/02) Article 49 stipulates the obligation of civil servants to permanently work on their professional training and education.

In 2008 the BiH MoFTER Sector for Agriculture, Food, Forestry and Rural Development civil servants, as well as the entity and BD civil servants attended trainings organised by BiH Civil Service Agency and the entity civil service agencies, as well as additional specialist, short term trainings in line with the specific needs of particular job positions.

BiH MoFTER Sector for Agriculture, Food, Forestry and Rural Development in cooperation with the British Embassy in Sarajevo and EPIC<sup>12</sup> from London has also organised trainings for agricultural sector servants at all levels of authority (state, entity, BD BiH and cantonal levels) titled *Capacity Building for the BiH Rural Development Strategy Drafting and Implementation*.

The aim of the training was to strengthen the capacities and increase the level of understanding of civil servants concerning rural development and its social, economic and political impact. The aim will be reached via 20 training sessions grouped by three basic thematic wholes: *programming, programme management, Partnership building and project cycle management*. The training also included a range of preparatory sessions and discussions with practical exercises as well as work on particular examples.

Introduction into the training and the first three modules were held in 2008. Other modules and the study trip to one of the EU member countries will be done in 2009.



*Activities from Training*

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<sup>12</sup> European Policy Information Centre

In 2008, about 40 civil servants from all levels of authority participated in trainings, which, according to the training plan, will be continued in 2009.

In 2008, within TAEIX<sup>13</sup> technical assistance programme to BiH MoFTER Sector for Agriculture, Food, Forestry and Rural Development three applications were approved as follows:

1. Study visit to Payment Agency for the three managing civil servants;
2. Payment Agency Establishing Workshop;
3. Workshop on Agriculture Statistics.

*Technical Assistance and Information Exchange* - TAEIX is a technical agency and an instrument for exchange of information within *European Commission Enlargement DG*. The aim of TAEIX is to provide short term technical assistance for the new EU member countries, the countries in the accession process, the countries candidates and the Western Balkans, in line with general European Commission policies, in the areas of accession, application and introduction of new EU legislation.

Due to a large number of applications within TAEIX programme EC had to implement throughout Europe in 2008, implementation of the quoted applications was postponed to 2009.

In 2009, implementation of the training titled *Capacity Building for the BiH Rural Development Strategy Drafting and Implementation* will be continued. Strengthening of cooperation with TAEIX will also be actively worked on. It has been planned to implement all the applications from 2008 during 2009, and to prepare and implement the training map for 2009.

Within TAEIX assistance, trainings for Administration BiH for Plant Health Protection were held in October, November and December of 2008, covering the following topics:

- *Rulebook on Measures of Prevention, Inflow, Spreading and Control of Harmful Organisms on Plants, Plant Products and Regulated Facilities;*
- *Phyto-Pharmaceutical;*
- *National List of Sorts.*

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<sup>13</sup> Technical Assistance and Information Exchange

## ATTACHMENT I. CALENDAR OF FAIRS /PROMOTIONS/EXHIBITIONS IN 2008

### International Ecological Fair „EKOBIS“



**Aim:** Promotion of economic, natural, social and cultural – historical resources in ecological environment, promotion, as well as marketing of various projects, programmes and products from the area of tourism, agriculture, food processing industry, forestry and especially of those in the function of ecological awareness and ecological standards.

**Date of event:** 11<sup>th</sup> -14<sup>th</sup> of September

**Number of exhibitors:** 301

**Participants:** BiH, Croatia, Serbia, Slovenia, Austria and Germany

**Number of visitors:** 10.000

### International Festival of Teas and Medicinal Plants „Tea fest“



**Aim:** Promotion of medicinal plants and producers from BiH and other countries participants.

**Date of event:** 11<sup>th</sup> -15<sup>th</sup> of June

**Number of Exhibitors:** 75

**Participants:** BiH, Croatia, Montenegro and Serbia

**Number of visitors:** 23.000

### International Fair of Bee-Keeping and Equipment „Bee fest“



**Aim:** Promotion of bee-keeping and of bee products through presentation o bee-keepers from BiH and other participating countries.

**Date of event:** 17<sup>th</sup> -21<sup>st</sup> of September

**Number of exhibitors:** 85

**Participants:** BiH, Croatia, Montenegro and Serbia

**Number of visitors:** 25.000

### Agriculture and Food Processing Industry Fair „Sajam šljive or Plum Fair“



**Aim:** Promotion of new products and technologies, meetings of citizens with scientists and with financial institutions and an opportunity for contacts between citizens and authorities.

**Date of event:** 20<sup>th</sup> -24<sup>th</sup> of August

**Number of exhibitors:** 250

**Participants:** BiH, Austria, Check republic, Holland, Croatia, Italy, Germany, Slovenia, Serbia and Turkey

**Number of visitors:** 25.000

### International Fair of Food, Beverages and Equipment „HIPO“



**Aim:** Exhibition of food beverages, packaging, stationery, equipment for manufacturing and packaging, household chemicals.

**Date of event:** 12<sup>th</sup> -15<sup>th</sup> of February

### **International Fair of Economy „BRČKO“**



**Aim:** *Presentation and exchange of experience and speeches from the area of metal, textile-leather, food, wood processing industries etc.*

**Date of event:** 3<sup>rd</sup> -7<sup>th</sup> of December

**Number of Exhibitors:** 98

**Participants:** BiH, Croatia, Montenegro, Serbia, Slovenia, Austria, Holland, Germany and Italy

**Number of visitors:** 12.000

### **International Agriculture Fair „INTERAGRO“**



**Aim:** *Exhibition of products, promotions, scientific-expert conferences, public discussions, evaluation of foodstuff quality, exhibition of livestock etc.*

**Date of event:** 18<sup>th</sup> -21<sup>st</sup> of September

**Number of Exhibitors:** 150

**Participants:** BiH, Serbia, Croatia, Slovenia, Norway and Hungary

**Number of visitors:** 10.000

### **International Fair of Economy**

**Aim:** *Exhibition covering gastronomy, wine and a wide range of other products.*

**Date of event:** 1<sup>st</sup> -5<sup>th</sup> of April

**Number of exhibitors:** 720

**Participants:** 40 countries

**Number of visitors:** 60.000

### **International Fair of Agriculture and Food Processing Industry „AGROS“**

**Aim:** *Exhibition covering food, beverages, seeding and planting material, equipment, spare parts etc.*

**Date of event:** 10<sup>th</sup> -14<sup>th</sup> of September

**Number of exhibitors:** 120

**Participants:** BiH, Serbia, Montenegro, Slovenia, Croatia and Italy

**Number of visitors:** 15.000

- The Tuzla Canton Cattle Fair „Gornja Obodnica“ – 19<sup>th</sup> -21<sup>st</sup> of August 2008
- Regional Exhibition of Cattle in Rogatica – 10-11.10.2008
- Regional Exhibition of Cattle in Gacko – 3<sup>rd</sup> of August 2008
- Regional Exhibition of Cattle „Gradiška jesen 2008“ – 21<sup>st</sup> of September 2008.
- Cheese Fair on Vlašić – 30<sup>th</sup> -31<sup>st</sup> of August 2008
- Wine Promotion in Banja Luka – 8<sup>th</sup> -10<sup>th</sup> of October 2008

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