

*Agricultural Policy Developments and EU Approximation Process in the
Western Balkan Countries (APDAP-WB)*

Interim meeting

May 10th, 2018
Durrës, Albania

**Policy development and European
accession integration process of agriculture
in Bosnia and Herzegovina**

Željko Vaško and Sabahudin Bajramović



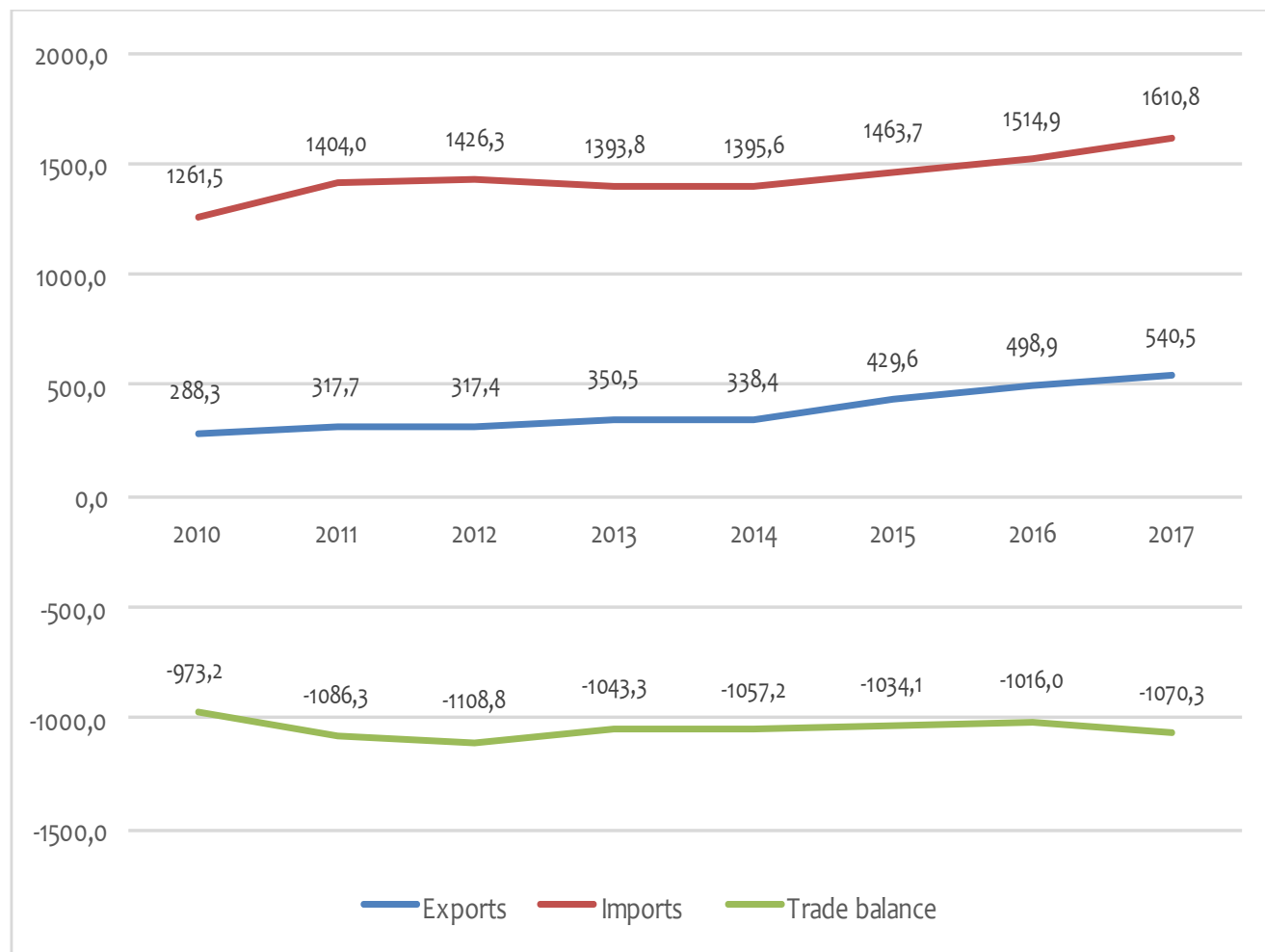
A. Introduction

- Main questions focused in the presentation:
 - ✓ Developments in agriculture sector in BiH;
 - ✓ Agricultural policy frame;
 - ✓ EU approximation process;
 - ✓ The current policy of subsidizing agriculture and rural development;
 - ✓ Concussions and recommendations.

B. Some new developments in agriculture

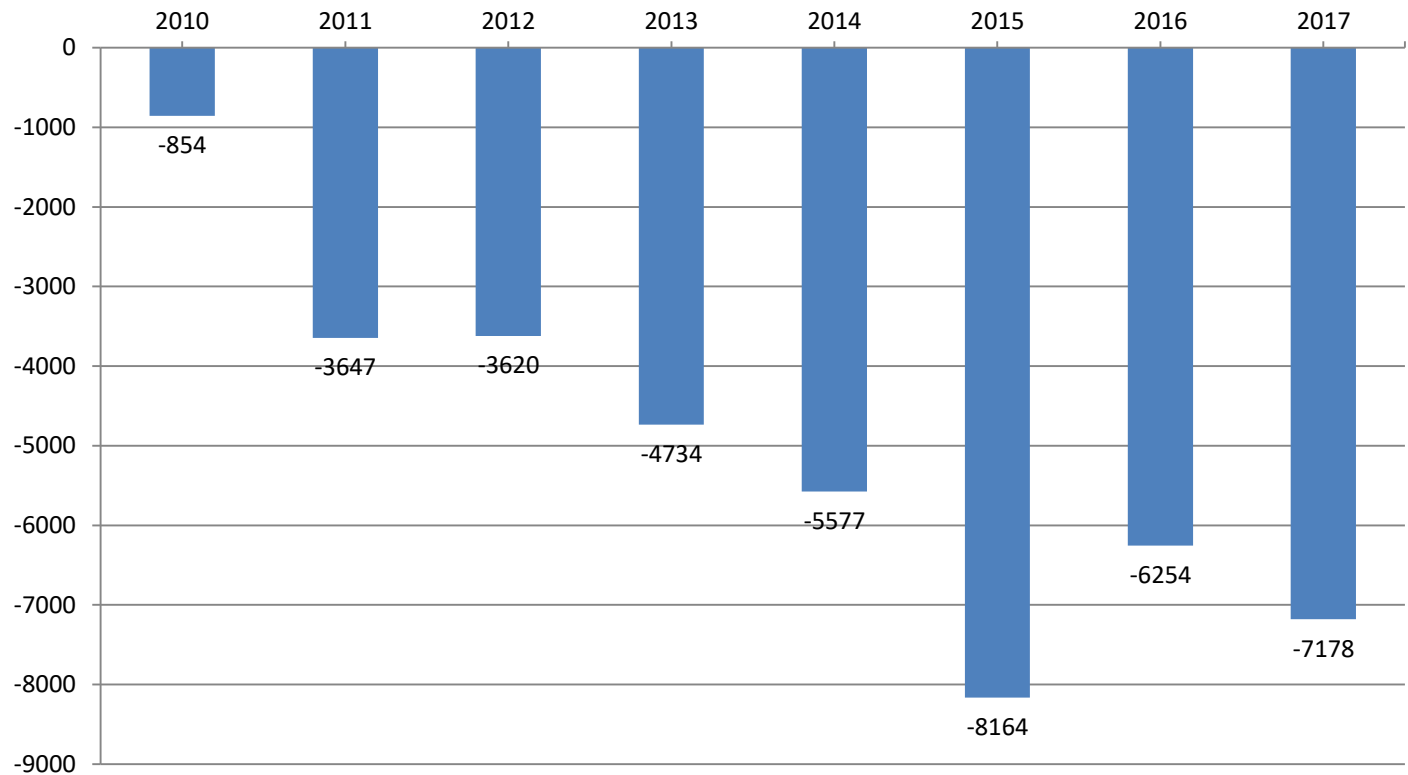
- Without major changes in:
 - farm structure,
 - production,
 - trade,
 - prices (raspberry?),
 -
- Need for verification data on which conclusions are based!
- Simply, agriculture in BiH stagnates!

B. Some new developments in agriculture



(in 000 Euros)

B. Some new developments in agriculture



- Depressive demographic picture!
- Permanent negative difference between number of born and dead.

C. Changes of agricultural policy frame

- The both entities have valid strategies of agriculture development, and BD no (in process of preparation);
- F BiH in process of adaptation Programme for Rural Development F BiH until 2019;
- Strategic reform commitments are generally not being implemented!
- Also, there were no establishment of new institutions;

C. Changes of agricultural policy frame

- The first time BiH, as the state, has the Strategic Plan for Rural Development (SPRD) of BiH, 2018-2021 (framework document) (adopted in February 2018);
- SPRD - compilation of goals and measures from two valid entities' strategies of agricultural development (in FBiH and RS);
- Expectations that BiH will receive some IPA funds by 2020;
- There are no new priorities and development goals;

C. Changes of agricultural policy frame

The SPRD has six strategic goals for which it is foreseen to be achieved by the implementation of 11 measures (areas of action) and 67 sub-measures. These goals are:

1. Ensuring the stability of incomes and harmonizing conditions in the business environment;
2. Strengthening the competitiveness of agriculture, forestry and rural areas through increasing the level of investment, improving knowledge transfer and the promotion of innovation;
3. Improving marketability of agro-food products by increasing their added value, improving the quality standards and food safety and strengthening the links in the value chain;
4. Sustainable management of natural resources and climate change adaptation,
5. Improving the quality of life in rural areas through the creation of new sources of income and improvement of physical infrastructure, social inclusion and the availability of public services;
6. Improving the institutional systems and capacities and harmonization of the legal framework in the field of agriculture and rural development at all levels of government in accordance with the constitutional competences towards a gradual approach to the common agricultural policy of the EU.

C. Changes of agricultural policy frame

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|------|--|--|------|--|------|------|------|
| BiH | | | | Strategic Plan for Rural Development of BiH, 2018-2021 (framework document) | | | |
| FBiH | Medium term Strategy for the Development of the Agriculture in the FBiH for the period 2015-2019 | | | | | | |
| | | | | Program for Rural Development of the FBiH for the period 2015-2019 (in process of adaptation) | | | |
| RS | | Strategic plan of Development of Agriculture and Rural Areas of the Republic of Srpska 2016-2020 | | | | | |

No known plans for preparation new strategic and programming documents.

C. Changes of agricultural policy frame

- BiH signed the Stabilization and Association Agreement with the EU in 2008, and it came into force in 2015;
- On February 15, 2017, BiH applied for EU membership, however BiH has not yet got the status of candidate country;
- Although agriculture and rural development are one of priorities for support under IPA II (IPARD), that sector is not subject of support from the IPA Program for BiH, because country did not fulfill some of the conditions in the moment of its adoption;

C. Changes of agricultural policy frame

- At the beginning of December 2016, BiH received a questionnaire from the European Commission with 3,242 questions to which BiH prepared the answers and handed them over to the President of the European Commission on February 27, 2018;
- Chapter 11 (Agriculture and Rural Development) - 42 questions/answers;
- Chapter 12 (Food Safety, Veterinary and Phytosanitary Policy) - 44 questions/answers;
- Chapter 13 (Fisheries) - 72 questions/answers,

D. Producer support to agriculture

- No significant changes in the policy of subsidizing agriculture in BiH in the period 2015-2017;
- The only change was in the milk production in FBiH - in 2016 and 2017, payment was combined – simultaneously per litre and per head;
- New no measures of direct support;
- The most of subsidies go to market and direct producer support measures;
- Rural development measures are neglected;
- No attention to agro-environmental measures;

E. Budgetary transfers to agriculture

- In 2016 and 2017, in comparison with 2015, there was a significant increase in total budgetary transfers to the agricultural sector in the FBiH (35→45 mill. Euros) and BD (3→6 mill. Euros), while in the RS stayed the same level of subsidies (30 mill. Euros);
- From the current agricultural budget, the FBiH has refund unpaid subsidies from previous period, every year.
- Efforts to exclude from subsidy program or reduce subsidies to small farms.

E.1 The budgetary support in BiH (mill. Euro)

| | 2015 | 2016 | 2017 |
|---|-------------|-------------|-------------|
| Federation of Bosnia and Herzegovina | | | |
| Market and direct producer support measures | 33,7 | 40,7 | 42,9 |
| Structural and rural development measures | 1,2 | 1,6 | 1,7 |
| General measures related to agriculture | 0,2 | 0,3 | 0,2 |
| <i>Total budgetary support to the agricultural sector</i> | <i>35,1</i> | <i>42,6</i> | <i>44,8</i> |
| The Republic of Srpska | | | |
| Market and direct producer support measures | 23,3 | 24,8 | 25,5 |
| Structural and rural development measures | 3,7 | 2,2 | 0,8 |
| General measures related to agriculture | 3,1 | 3,1 | 3,8 |
| <i>Total budgetary support to the agricultural sector</i> | <i>30,1</i> | <i>30,1</i> | <i>30,1</i> |
| Brčko District | | | |
| Market and direct producer support measures | 2,7 | 4,3 | 5,2 |
| Structural and rural development measures | 0,2 | 0,6 | 0,8 |
| General measures related to agriculture | 0 | 0,0 | 0,0 |
| <i>Total budgetary support to the agricultural sector</i> | <i>2,9</i> | <i>4,9</i> | <i>6,0</i> |
| Bosnia and Herzegovina | | | |
| Market and direct producer support measures | 59,7 | 69,9 | 73,6 |
| Structural and rural development measures | 5,1 | 4,4 | 3,3 |
| General measures related to agriculture | 3,3 | 3,4 | 4,0 |
| <i>Total budgetary support to the agricultural sector</i> | <i>68,1</i> | <i>77,6</i> | <i>80,9</i> |

SME
ERD

E.2 Market and direct producer support measures

(mill. Euro)

| | 2015 | 2016 | 2017 |
|--|------|------|------|
| Federation of Bosnia and Herzegovina | | | |
| Market support measures | 0,2 | 0,6 | 0,3 |
| Direct payments | 33,3 | 38,9 | 42,0 |
| Variable inputs support | 0,1 | 1,1 | 0,1 |
| Payment for disasters and other compensation | 0,0 | 0,0 | 0,1 |
| Other direct payments (Debt from previous years) | 0,1 | 0,1 | 0,4 |
| <i>Total market and direct support measures</i> | 33,7 | 40,7 | 42,9 |
| The Republic of Srpska | | | |
| Market support measures | 0,9 | 0,2 | 0,0 |
| Direct payments | 18,7 | 20,6 | 21,7 |
| Variable inputs support | 3,7 | 3,5 | 3,8 |
| Payment for disasters and other compensation | 0,0 | 0,5 | 0,0 |
| Other direct payments (Debt from previous years) | 0,0 | 0,0 | 0,0 |
| <i>Total market and direct support measures</i> | 23,3 | 24,8 | 25,5 |
| Brčko District | | | |
| Market support measures | 0,0 | 0,0 | 0,0 |
| Direct payments | 2,7 | 4,3 | 5,2 |
| Variable inputs support | 0,0 | 0,0 | 0,0 |
| Payment for disasters and other compensation | 0,0 | 0,0 | 0,0 |
| Other direct payments (Debt from previous years) | 0,0 | 0,0 | 0,0 |
| <i>Total market and direct support measures</i> | 2,7 | 4,3 | 5,2 |

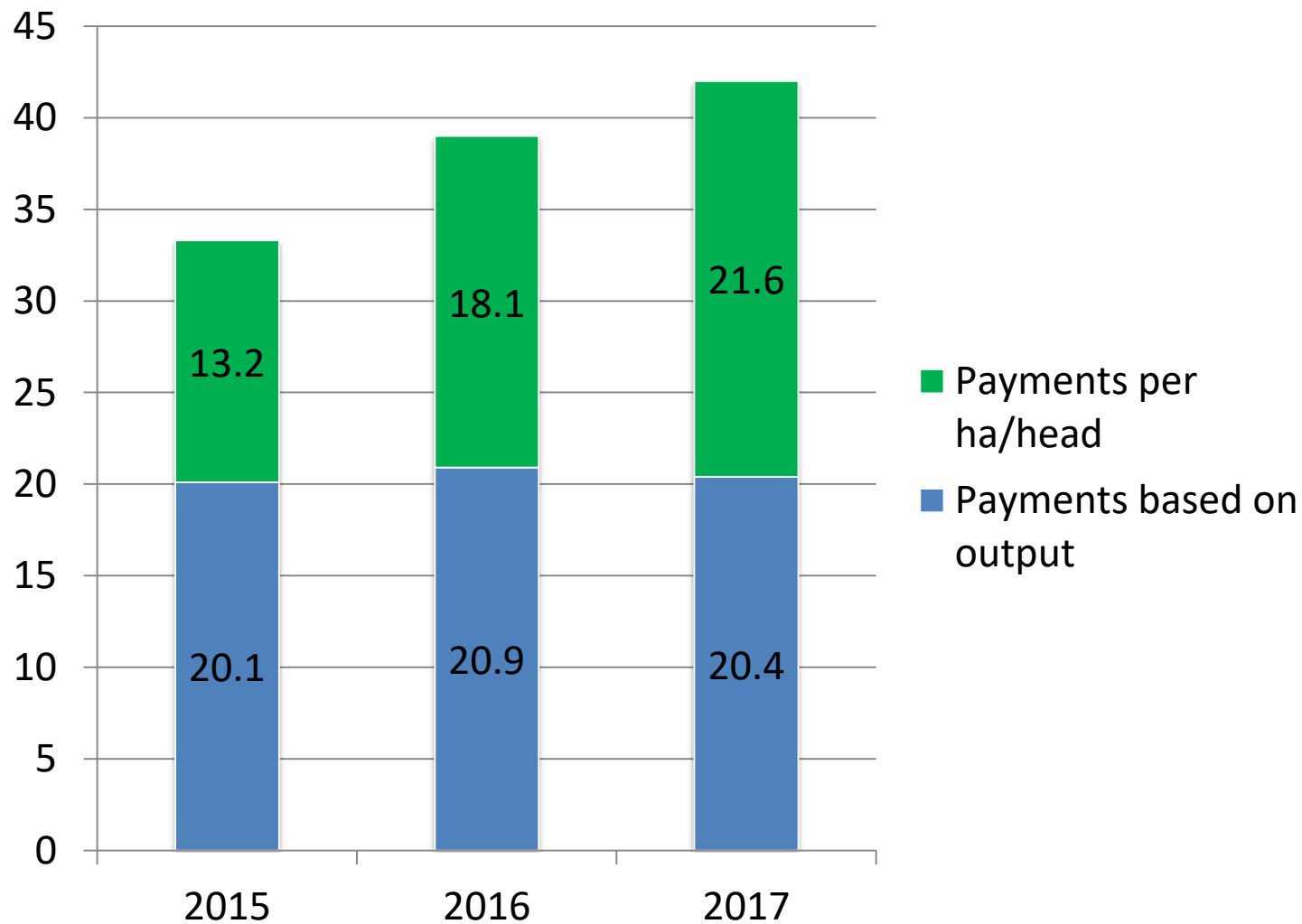
SWG RRI

E.2 Market and direct producer support measures (mill. Euro and %)

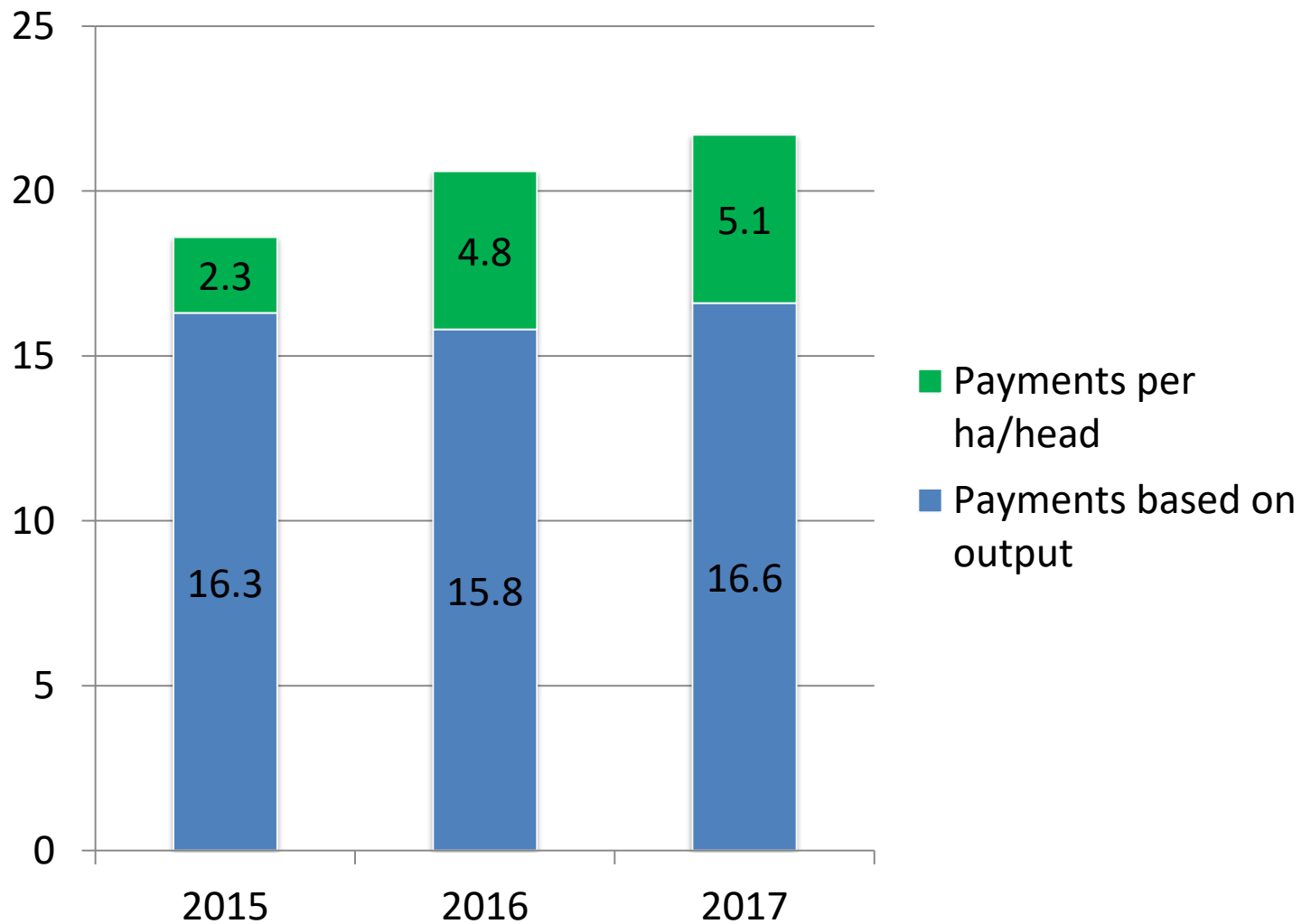


| | 2015 | 2016 | 2017 |
|--|--------------|--------------|--------------|
| Bosnia and Herzegovina | | | |
| Market support measures | 1,1 | 0,8 | 0,3 |
| Direct payments | 54,7 | 63,8 | 68,9 |
| Variable inputs support | 3,8 | 4,6 | 3,9 |
| Payment for disasters and other compensation | 0,0 | 0,5 | 0,1 |
| Other direct payments (Debt from previous years) | 0,1 | 0,1 | 0,4 |
| <i>Total market and direct support measures</i> | <i>59,7</i> | <i>69,9</i> | <i>73,6</i> |
| Bosnia and Herzegovina | | | |
| | 2015 | 2016 | 2017 |
| Market support measures | 1.8% | 1.1% | 0.4% |
| Direct payments | 91.6% | 91.3% | 93.6% |
| Variable inputs support | 6.4% | 6.6% | 5.3% |
| Payment for disasters and other compensation | 0.0% | 0.7% | 0.1% |
| Other direct payments (Debt from previous years) | 0.2% | 0.1% | 0.5% |
| <i>Total market and direct support measures</i> | <i>100%</i> | <i>100%</i> | <i>100%</i> |

E.3 The structure of direct payments in FBiH (mill. EUR)

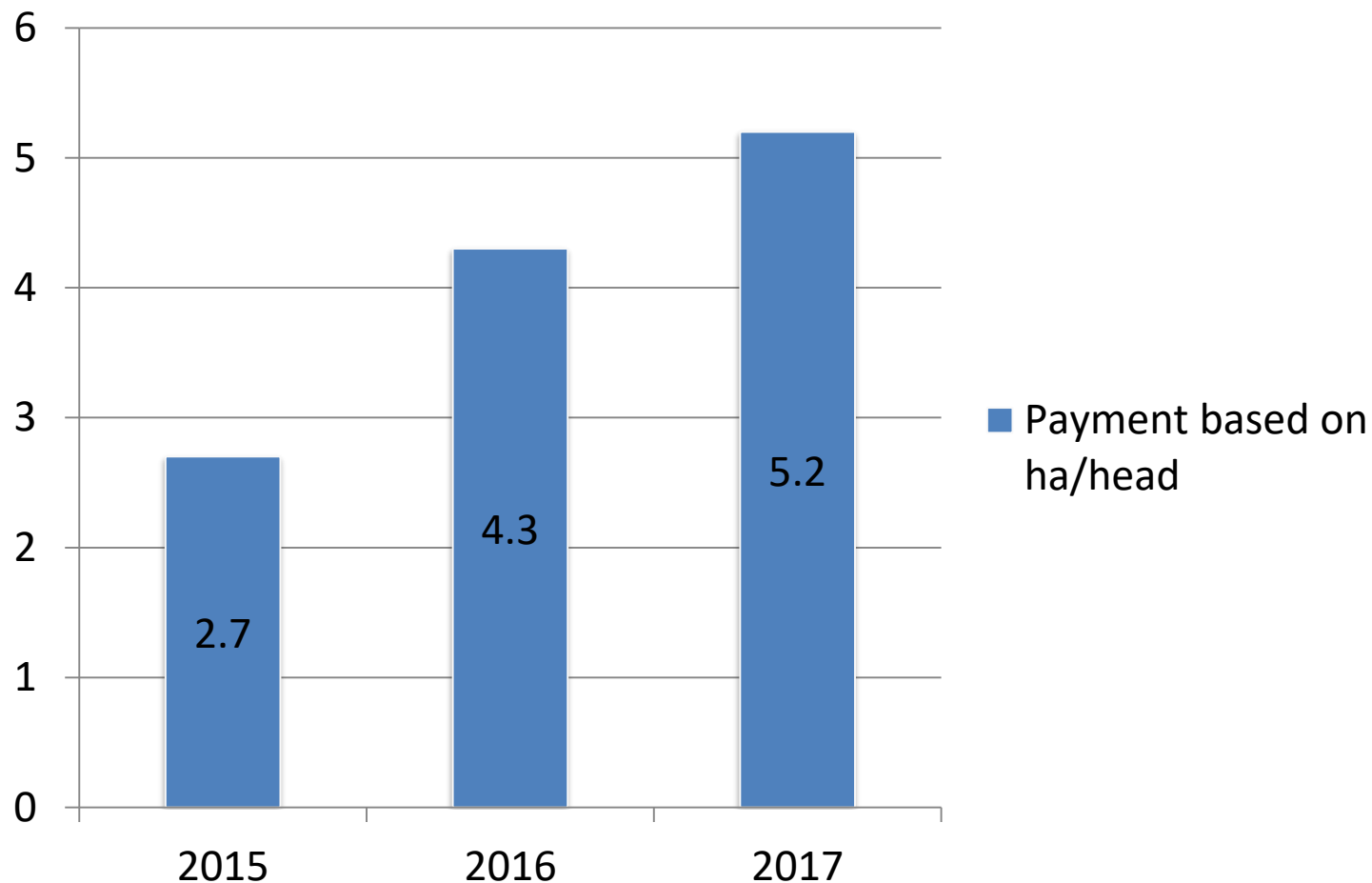


E.3 The structure of direct payments in RS (mill. EUR)

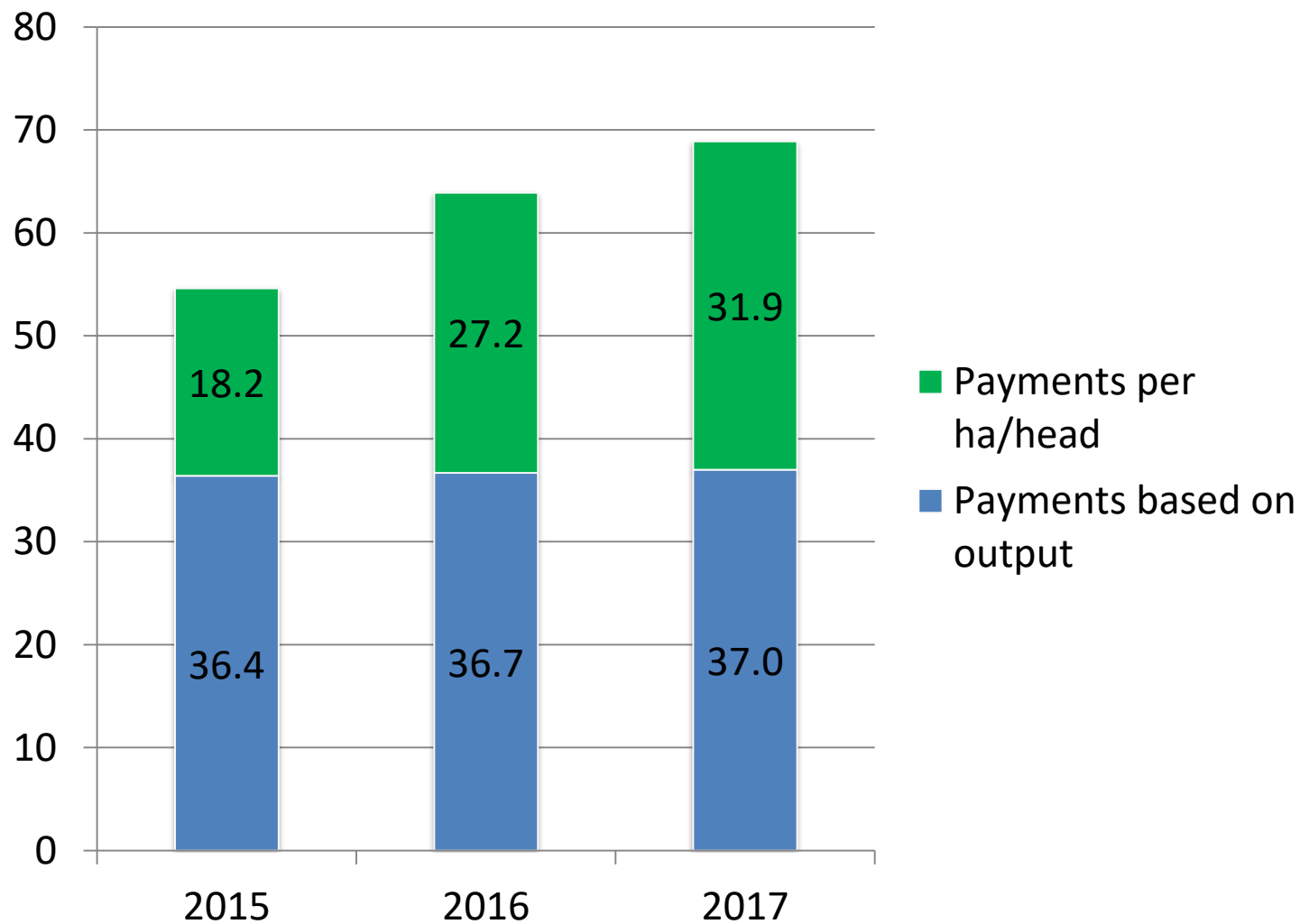


E.3 The structure of direct payments in Brčko District (mill. EUR)

Payment based on ha/head



E.3 The structure of direct payments in BiH (mill. EUR)



F. Conclusions and recommendations

- No major changes in the volume and structure of agricultural production and foreign trade.
- There are strategic and programming documents at all administrative levels, but their implementation is far from the declared (goals, measures, institutional reforms, ...).
- An outdated policy of subsidizing agriculture (in relation to the CAP).
- No access to IPARD funds, with certain expectations of some IPARD like measures.
- **The need for faster and real reforms!!!**