

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

May10th – 11th 2018, Durres, Albania

Measurement of agricultural support in Bosnia and Herzegovina

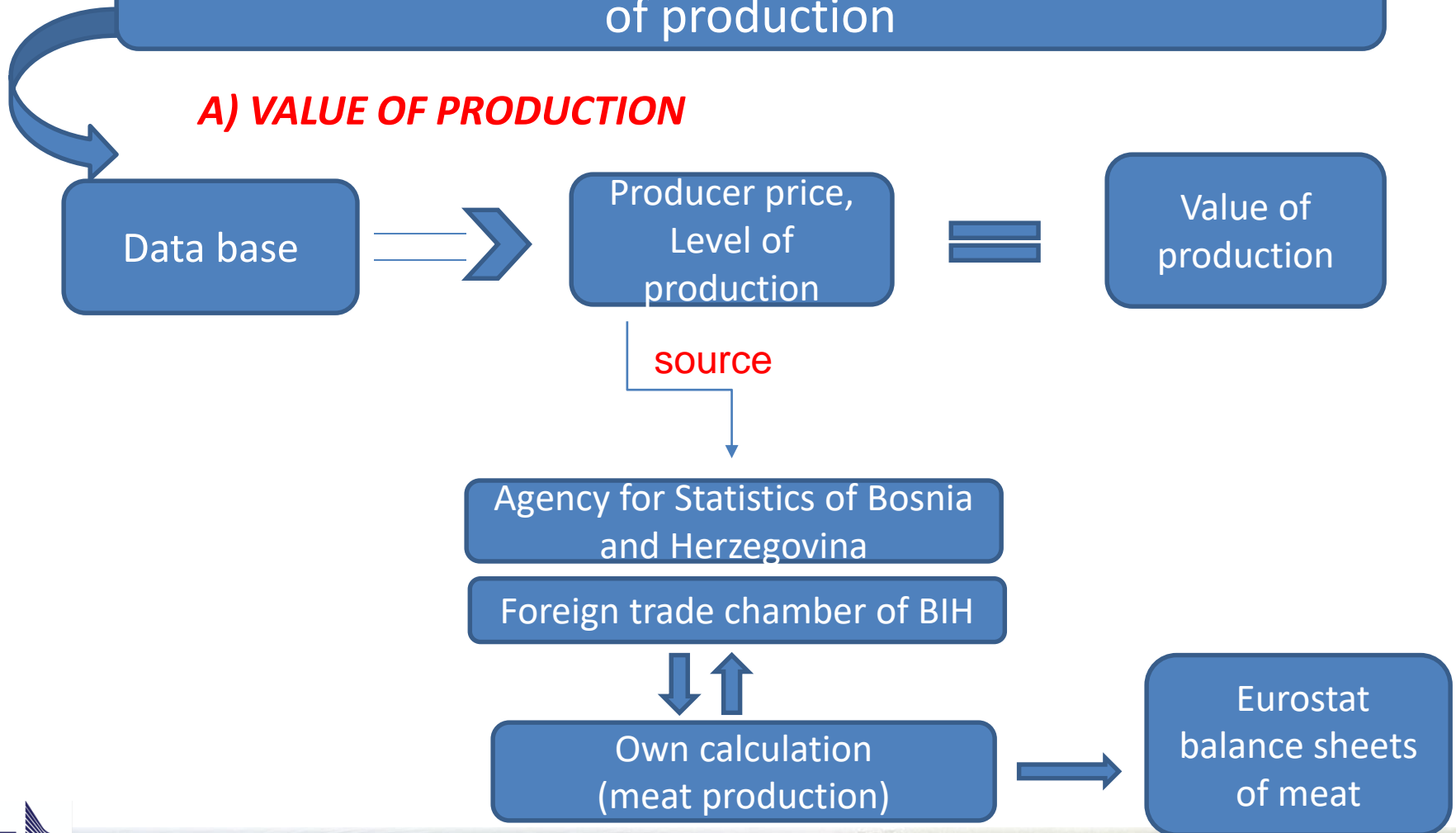
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Support by Emil Erjavec, Miro Rednak, Tina Volk, Sabahudin Bajramović

- The measurement of support to agriculture is one of the key issues for policy analysts.
- The project APDAP-WB until now agricultural support is analyzed on the basis of budgetary transfers, without the impact of market-price policy
- For the first time we will present a rough estimate of the total agricultural support to producers based on the simplified method Rednak et al, 2012.
- The calculations as pilot activity within the APDAP-WB project

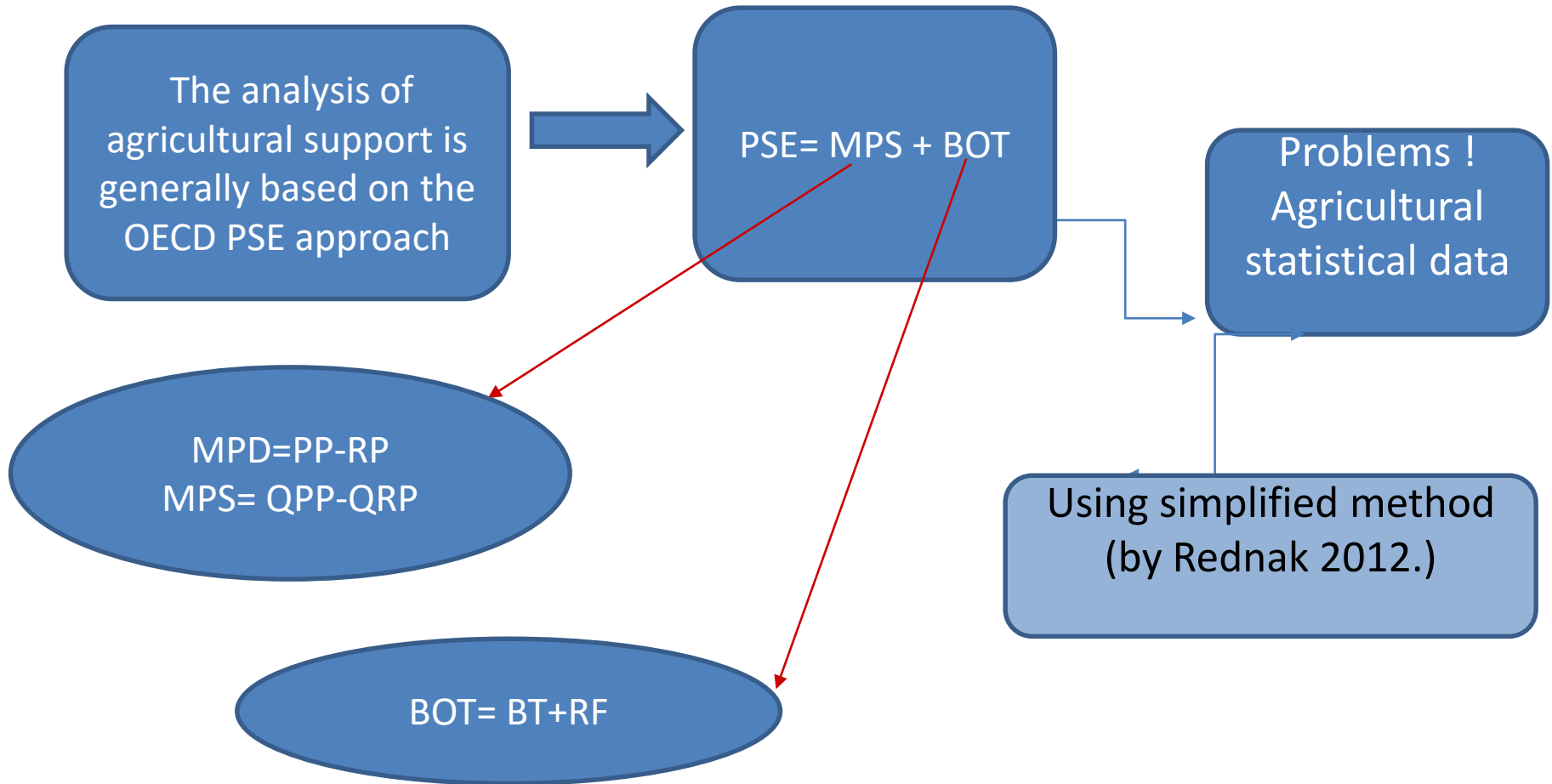
- A. Total support to agriculture (PSE like concept)
 - Data base for
 - value production,
 - domestic and reference prices
 - Upgrading of APM approach
 - Results indicators
 - %NRP, % NRA and %TTP for BH

Evaluation of agricultural support in BIH within the value of production

A) VALUE OF PRODUCTION



- B) TOTAL SUPPORT TO AGRICULTURE FOR BIH**



- *Nominal rate of protection (%NRP)*

$$\% NRP_i = \frac{PP_i}{RP_i} \times 100 - 100$$

$$\% NRP_c = \frac{\sum PP_i \times QP_i}{\sum RP_i \times QP_i} \times 100 - 100$$

- *Nominal rate of assistance (%NRA)*

$$\% NRA_i = \frac{PP_i \times QP_i + PE_i}{RP_i \times QP_i} \times 100 - 100$$

$$\% NRA_c = \frac{\sum PP_i \times QP_i + \sum PE_i^*}{\sum RP_i \times QP_i} \times 100 - 100$$

PP = producer price

RP = reference price

QP = quantity of production

PE = PSE budgetary transfers (PSE BOT)*

i = single commodity; c = total agriculture

Note For NRP:

- Representative commodities - account for at least 70% of total production value of agricultural production
- Measures distortions caused by direct sector- or product specific interventions, macroeconomic policies (e.g. exchange rate), interventions in other sectors and non-policy factors (e.g. market failures)

Reference price depending on the import-export status

BIH – EU reference price (OECD)

Budgetary transfer - APM

Structure of budgetary support/PSE BOt

A.2. Payments based on output

B. Payments based on input use

B.1. Variable input use

B.2. Fixed capital formation

B.3. On-farm services

C. Payments based on current area/animal/receipts/income, production required

D. Payments based on non-current area/animal/receipts/income, production required

E. Payments based on current area/animal/receipts/income, production not required

F. Payments based on non commodity criteria

G. Miscellaneous payments

OTP



Total transfers to producers

$$\%TTP_c = \%MPD_c + \%PSE BOT_c$$

$$PSE BOT_c = A2 + B + C + D + E + F + G$$

$$\%PSE BOT_c = \frac{\sum_j PSE BOT_j}{VP_c}$$

$$\%MPD_c = \frac{\sum MPD_i}{\sum VP_i}$$

$$MPD_i = (PP_i - RP_i) \times QP_i$$

c = country aggregate

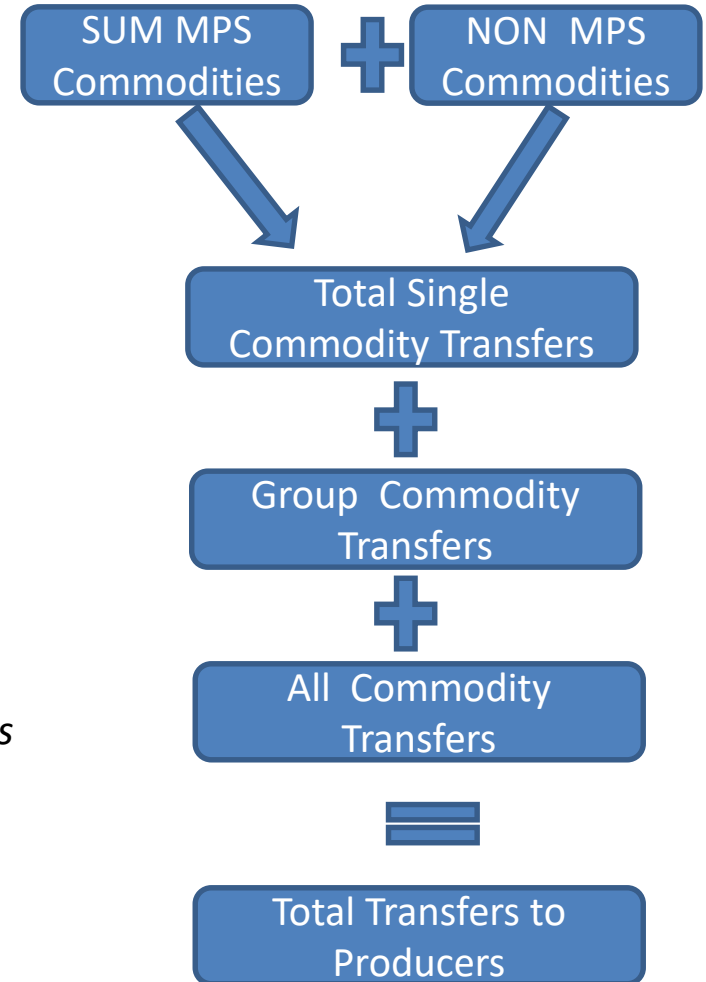
i = individual commodity for commodities for which %NPRc has been calculated

MPD = market price differential; PP = producer price, RP = reference price

j = individual PSE category; PSE BOT = budgetary and other transfers to producers

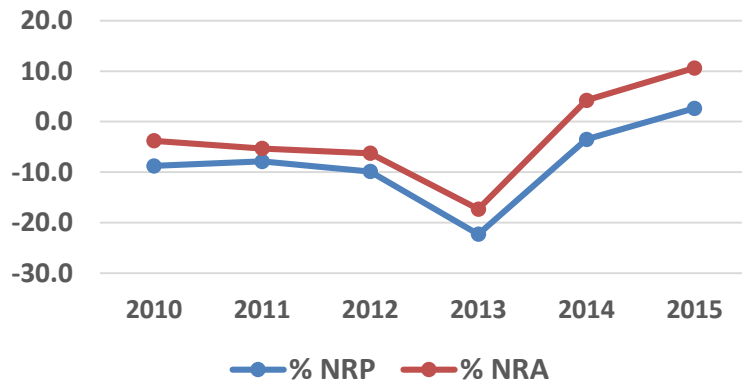
VP = value of Production (agricultural output)

QP = quantity of production

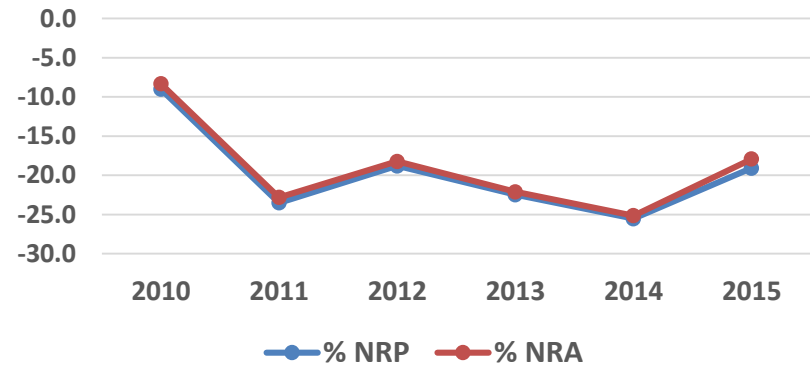


Results % NRP %NRA

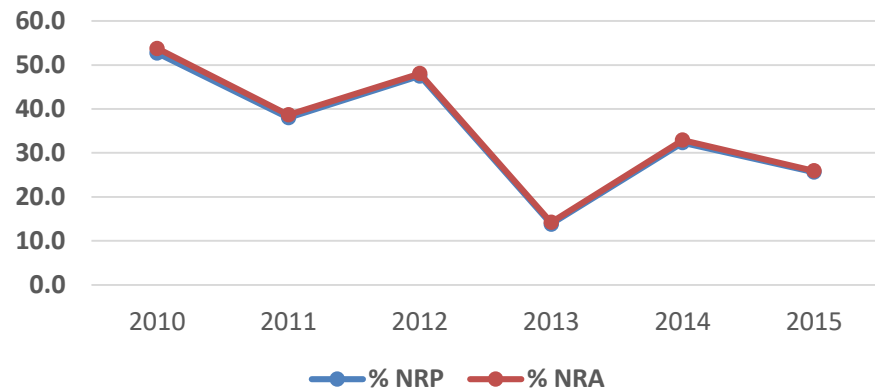
wheat



grain maize

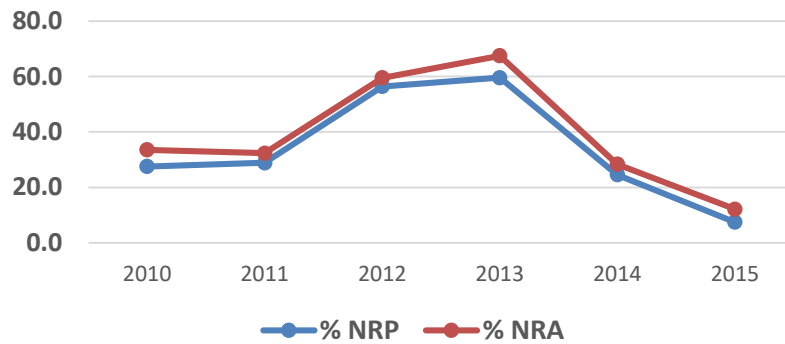


potatoes

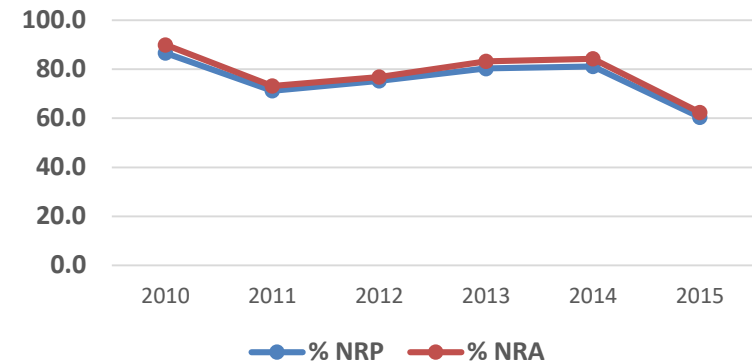


Results % NRP %NRA

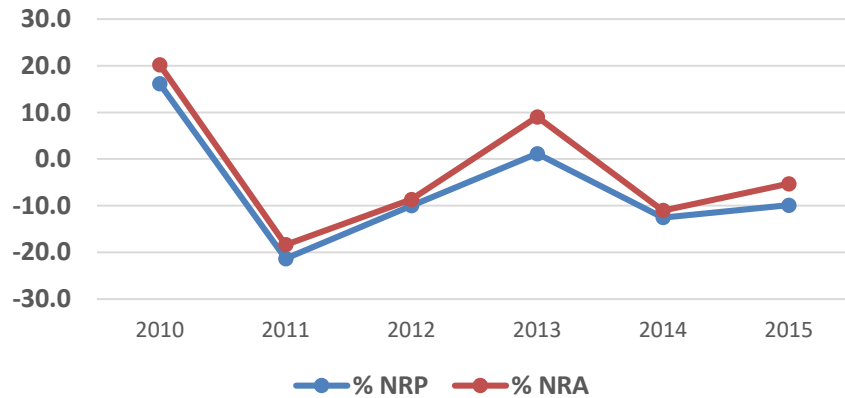
cattle



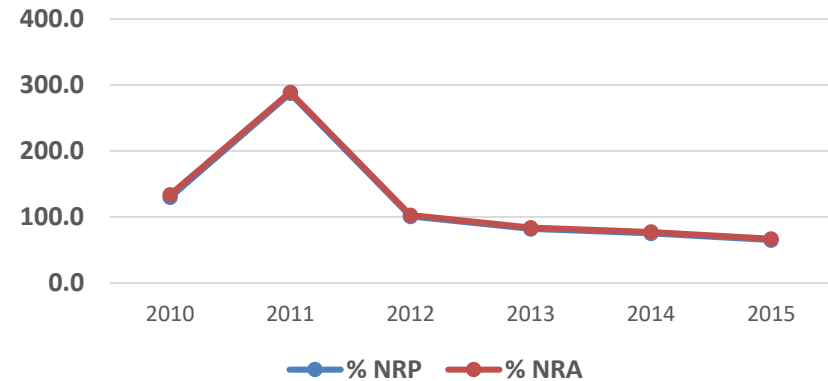
pigs



sheep and goats

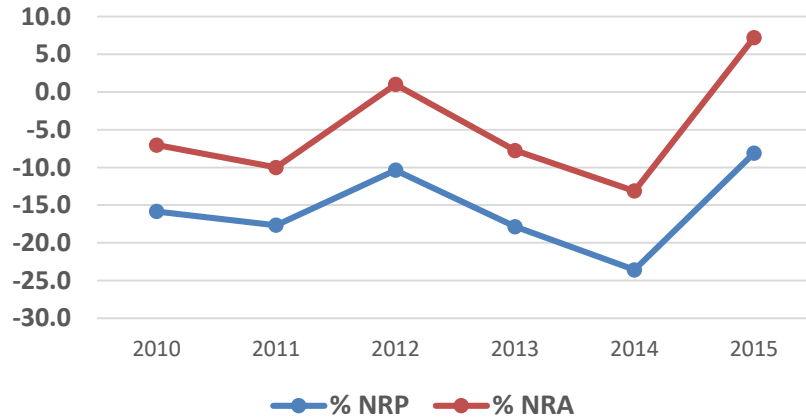


poultry

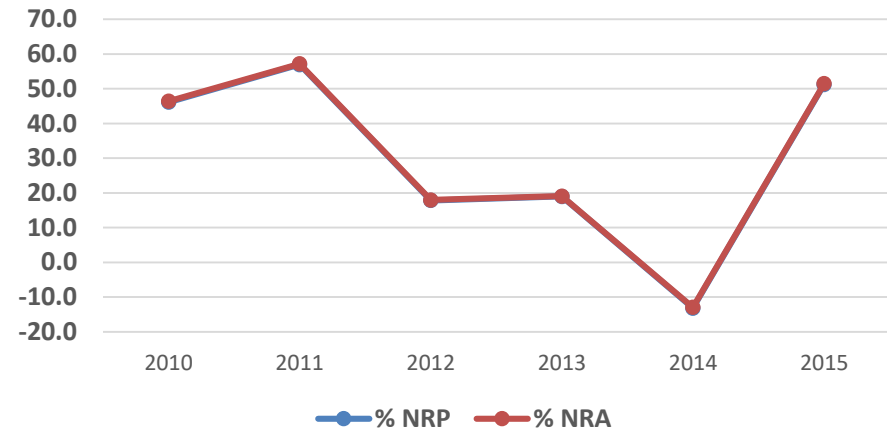


Results % NRP %NRA

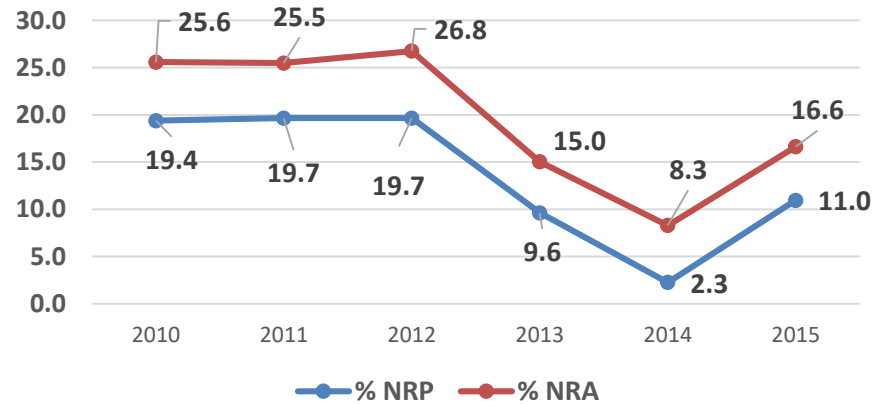
milk



eggs

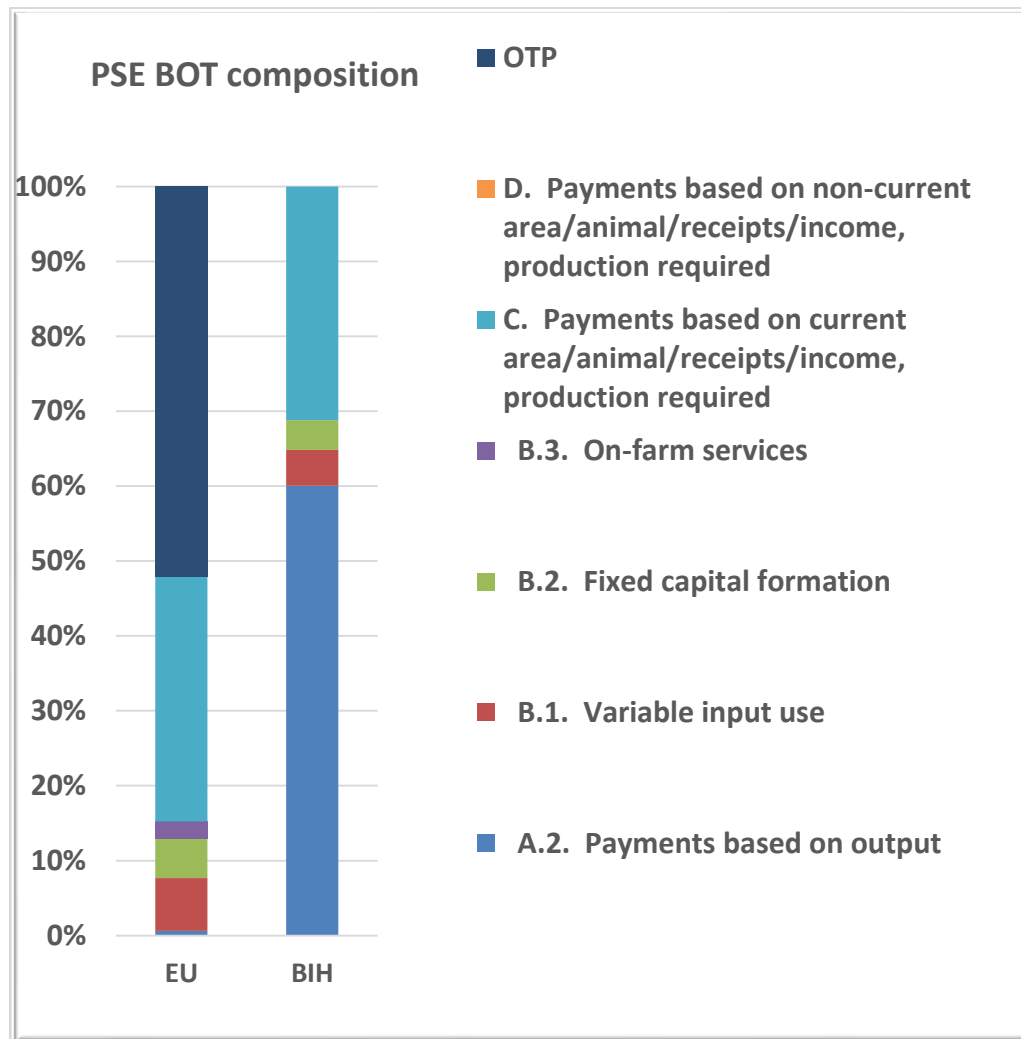
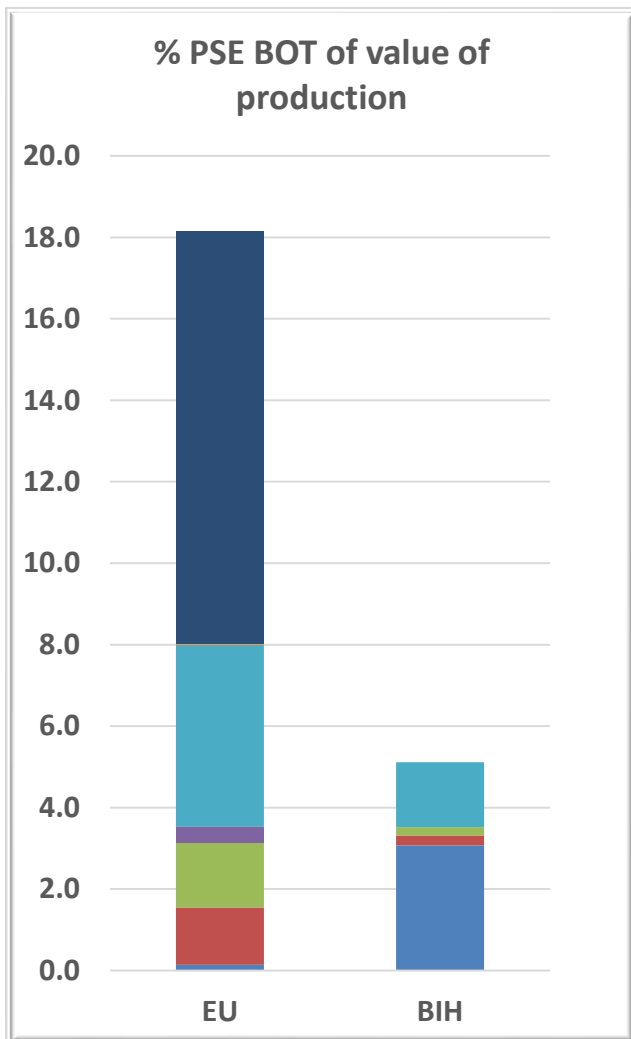


Total agriculture

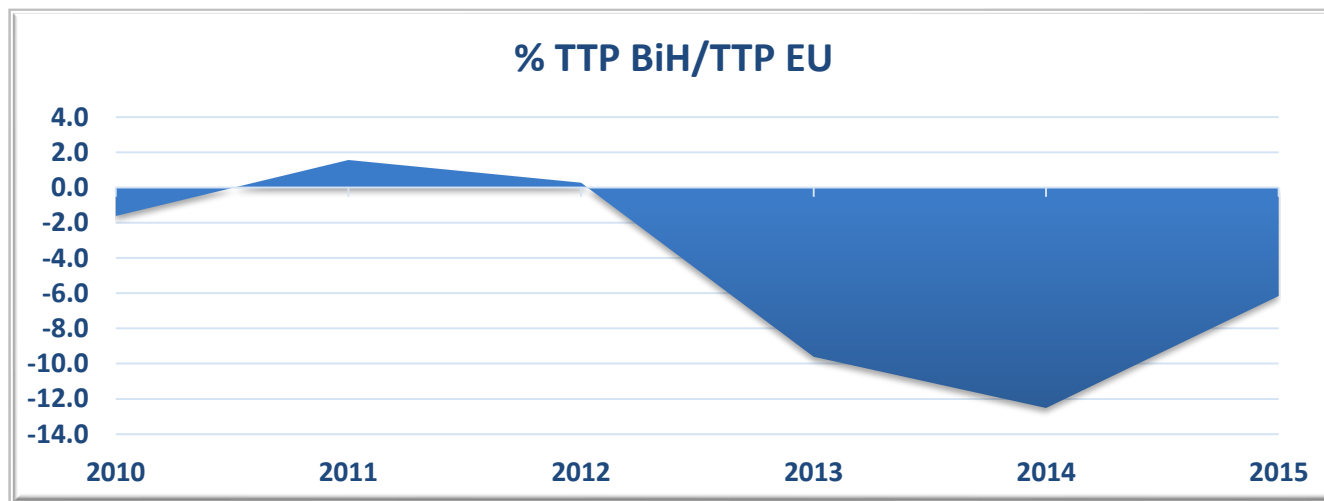
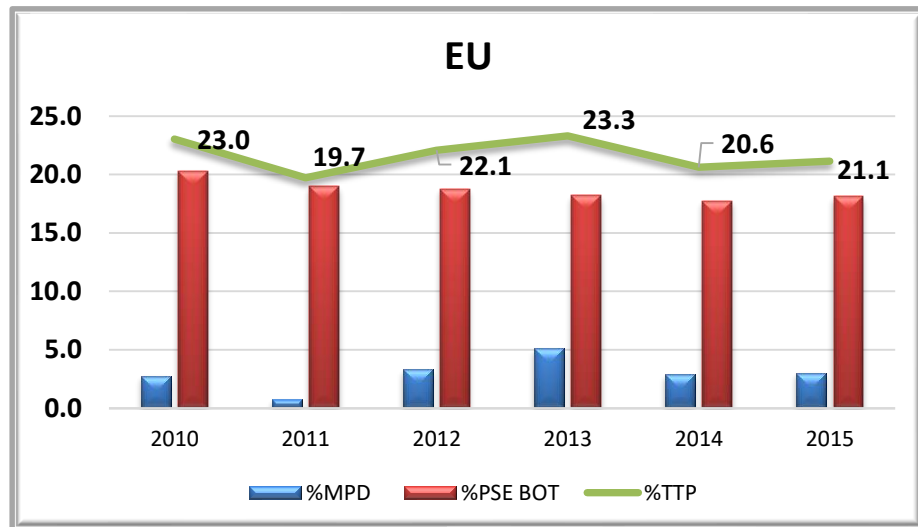
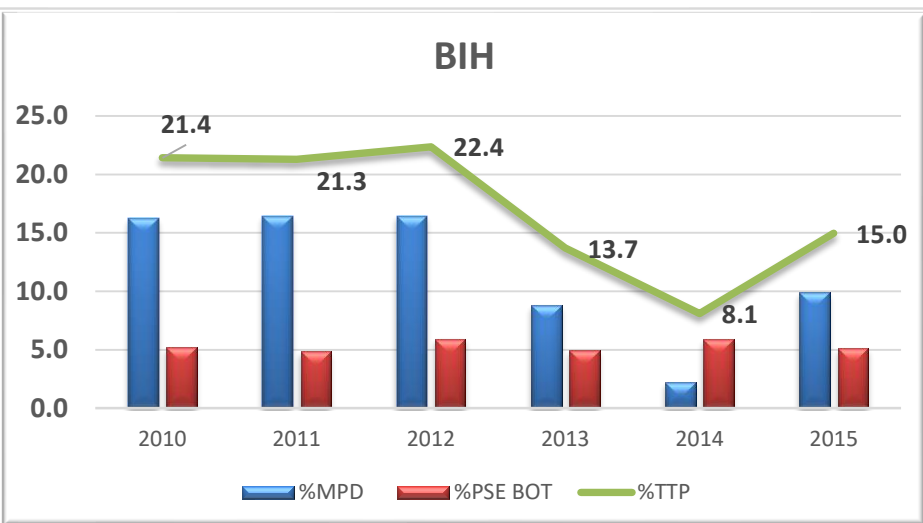


Budgetary transfers to producers (PSE BOTS) by categories

2015. godina



%TTP BH and % TTP EU



Conclusion

- The research in this field is very important because even with the problem of data availability we managed to present the total support in agriculture as well as to calculate the market price support, which makes most of the agricultural support in Bosnia and Herzegovina
- BH is still at the very beginning of harmonization with CAP
- Market price support has the highest share of the aggregate support
- Over the observed period the % TTP is higher in EU than in BH remarkably the last three years

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Thank you for your attention!

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