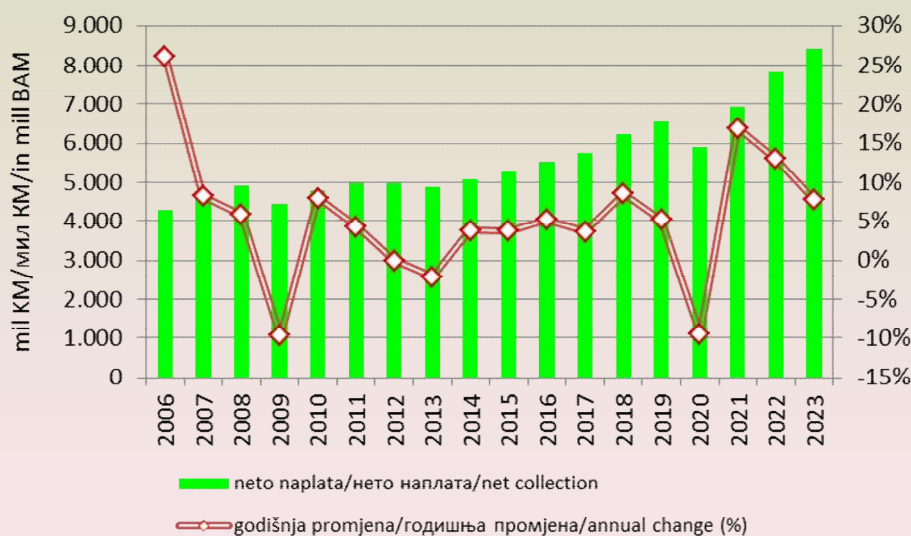




Macroeconomic Unit of the Governing Board of the Indirect Taxation Authority

ОМЈА Билтен

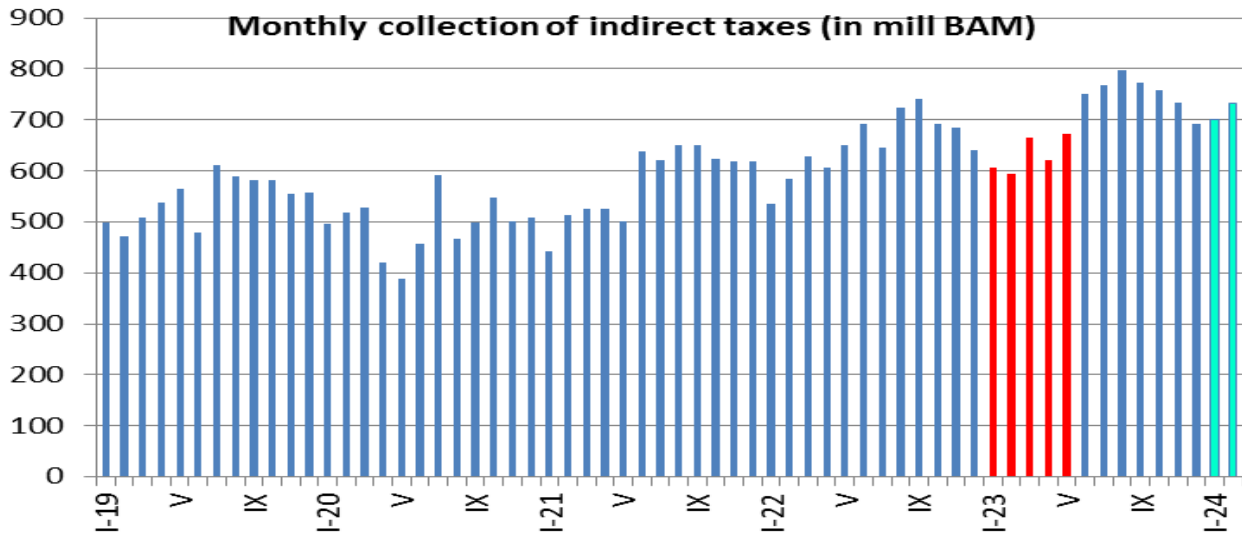


Број
Број
Number **225/226**

mart/april 2024 – ožujak/travanj 2024 – март/април 2024 – March/April 2024

With this issue

In the first two months of 2024, positive trends in the collection of indirect taxes from the second half of 2023 have continued. According to available preliminary data on cash flow, in February 2024, it was collected 888.2 million BAM of gross revenues on the ITA Single Account, or 119.3 million BAM more than in February 2023. Refund payments were lower by 17.8 million BAM, increasing the effects of net collection, so that in February 2024, net collection was higher by 137.1 million BAM or by 23% compared to net collection in the same month of 2023.



The growth of collection in February increased the cumulative effects of collection in the first two months of 2023. Gross collection was higher by 186.8 million BAM, while refund payments were lower by 44 million BAM. Finally, the net collection for the two months of 2024 was higher by 230.8 million BAM compared to the same period in 2023, i.e. by 19.2%. For the analysis of revenue collection in the first two months of 2024, it is important to emphasize that the statistical basis for comparison was significantly lower in the first five months than in the rest of 2023 (see Chart, red) due to (i) high VAT refund payments, which stabilized and began to decrease only in the second half of 2023, and (ii) reduced collection of excises on tobacco products, due to the transition to a new payment regime.

Dinka Antić, PhD
Head of Unit

Table of contents:

Collection of revenues from indirect taxes in 2023	2
.... Customs Duty	5
.... VAT	7
.... Excise / Road fees	13
Analysis of foreign trade exchange for 2023	25

Technical design: Sulejman Hasanović, IT expert
Reader/translator: Darija Komlenović, professor

Collection of revenues from indirect taxes in 2023

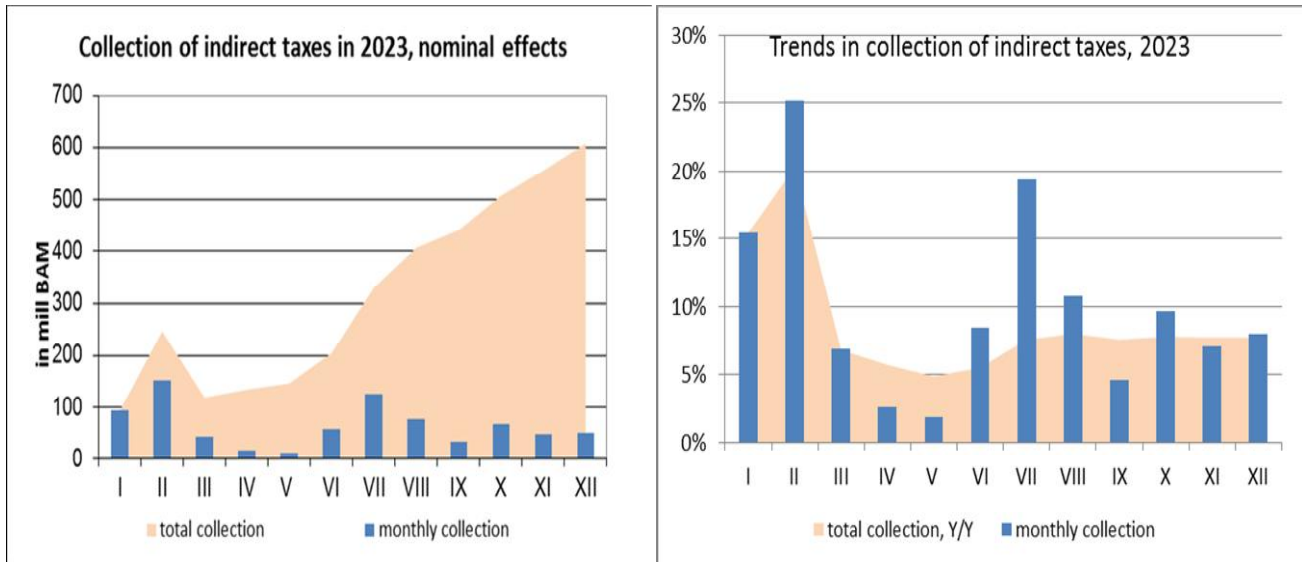
(Prepared by: Dinka Antić, PhD)

Analysis of revenues from indirect taxes collected in 2023 includes both observation of total collection and observation of collection by types of indirect taxes. The focus of the collection analysis in 2023 is on revenues from excise taxes on tobacco products due to the significant negative effects that the application of the new excise collection regime had, not only on the collection of revenues from excise taxes on tobacco products, but also on the total collection of revenues from indirect taxes. The negative effects of the change in the excise duty payment regime on tobacco products reduced the growth of revenues from indirect taxes in 2023 by 1.2 percentage points, representing 0.2% of GDP¹.

Total collection

According to the cash flow report on the ITA SA, in December 2023, the collection of gross revenues from indirect taxes amounted to 912.6 million BAM which is 62.1 million BAM more than in the same month of 2022. At the same time, refunds were higher by 10.8 million BAM, reducing the effects in net collection. Ultimately, in December 2023, the net collection of revenues from indirect taxes was 691.5 million BAM (Chart 1, left, "monthly collection"), which is 8% more than in the same month of 2022 (Chart 1, right, "monthly collection"). In 2023, the gross collection of indirect taxes was higher by 714 billion BAM than in 2022, while at the same time refund payments were higher by 106.2 million BAM. In the end, the net collection of indirect taxes in 2023 was higher by 607.8 million BAM (Chart 1, left, "cumulative") or by 7.8% (Chart 1, right, "cumulative") compared to 2022.

Chart 1



Two periods can be noticed in 2023 on both sides of Chart 1 (left: absolute amounts of effects and right: relative ratios) showing the different trends in the collection of indirect taxes. Relatively worse trends were recorded in the first five months, measured in relation to high surpluses achieved in 2022, while the remaining seven months showed a strong recovery of growth rates, and thus revenue surpluses. The peak of the growing trend was recorded in July, when a growth

¹ Source for 2023 GDP estimate: Directorate for Economic Planning, Macroeconomic Projections 2024-2026, September 2023.

rate of 19.4% was achieved, and in the rest of the year, monthly growth rates ranged from 5% to 10%.

The positive effects of collection from June 2023 are the result of the cumulative effect of two positive trends - the growth of gross collection and stagnation, and then the reduction of VAT refund payments. Of the realized annual increase in net revenue, 1/3 (or 204.9 million BAM) was realized in the first five months, and 2/3 of the increase (or 402.9 million BAM) in the period June-December.

Uneven trends in the monthly collection of indirect taxes were not only specific in 2023, but also in the previous three years, as a result of the corona virus pandemic, and then the outbreak of war in Ukraine. A similar pattern of monthly collection can be noticed in the second half of the year, while the first half of the year was turbulent in all observed years, and within it the first quarter is characteristic (Chart 2).

Chart 2

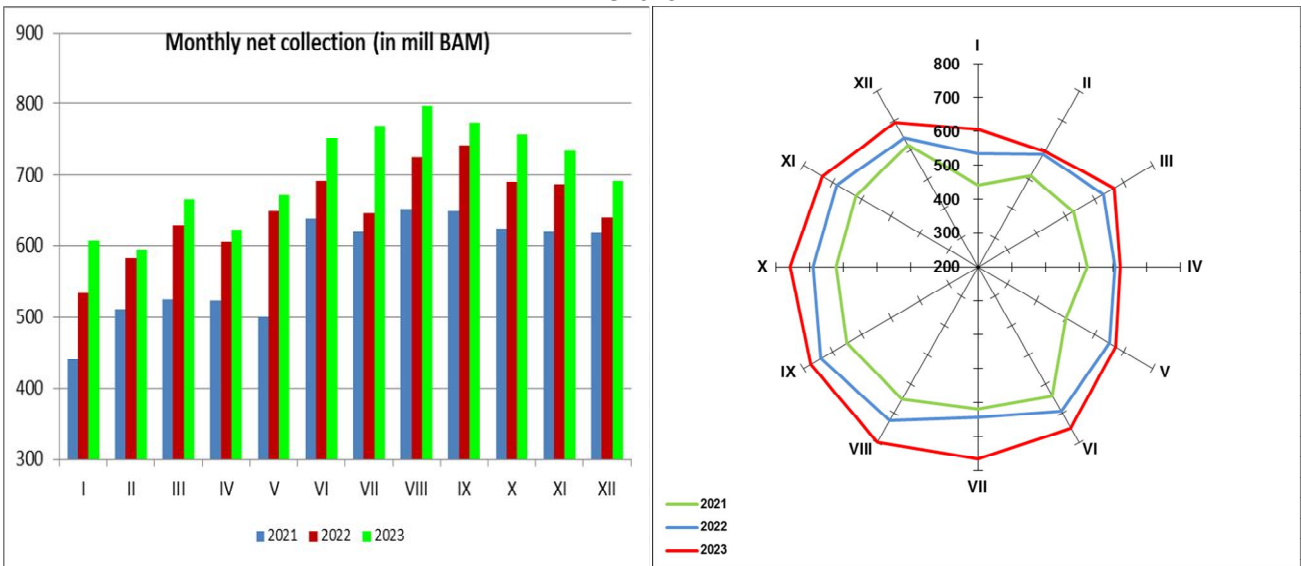
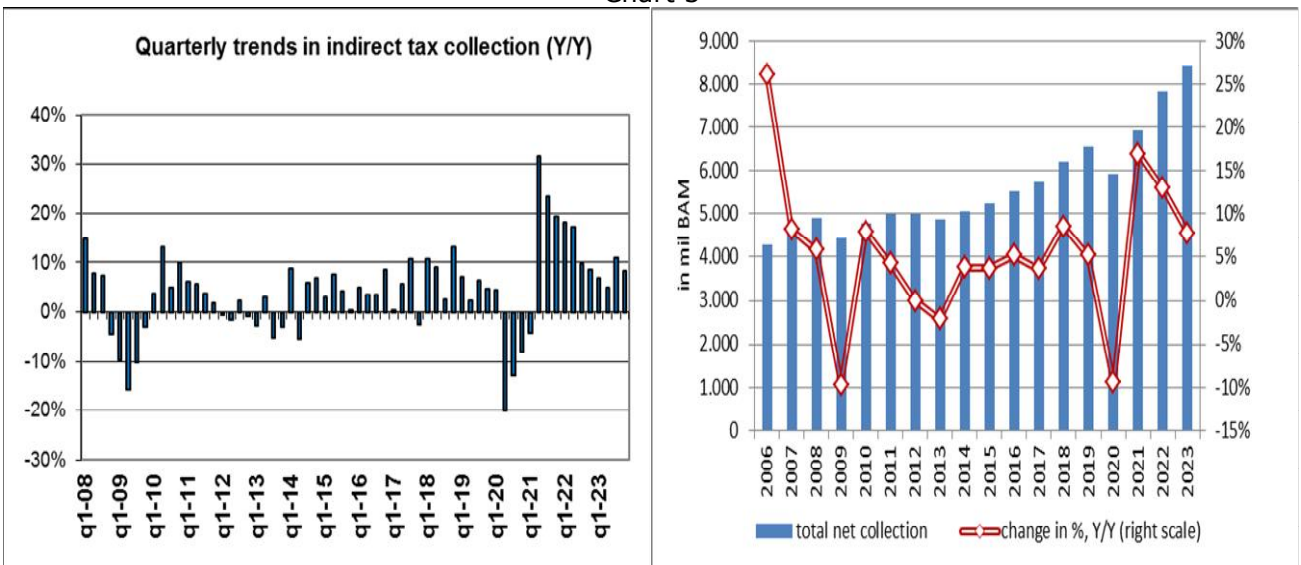


Chart 3



The slowdown in the collection of indirect taxes in the first half of 2023 can also be seen in the quarterly trends (Chart 3, left). After extremely high growth rates in 2021 and 2022, in the first quarter of 2023, the growth rate of revenues from indirect taxes was 6.7%, and in the second quarter 4.9%. The lower quarterly growth rates in the first half of 2023 were a consequence of the drop in imports in 2023 and the negative effects of the change in the excise duty payment regime on tobacco products.

The influence of the statistical base effect from 2022 for the comparison of collection is also significant. The emergence of the war in Ukraine affected in different ways the revenues from indirect taxes in 2022, and thus the base used for comparing the collection of indirect taxes in 2023. The sharp rise in prices of goods and services in the country, as a result of the energy crisis and supply disruptions on the world market, brought an increase in the collection of *ad valorem* taxes (VAT, customs) in 2022 and a higher basis for comparisons of the collection of these revenues in 2023. On the other hand, huge increases in the prices of oil derivatives brought a decline in consumption and, consequently, drop in revenues from excise taxes and road fees in 2022 and a lower base for comparing the collection of these revenues in 2023. The negative effects of a higher base in the second quarter of 2023 and uncertainty in the collection of excise taxes on tobacco products are partially mitigated by the growth of domestic VAT, reduced refund payments and increase in revenues from customs duties.

The continuation of the upward trend in the collection of domestic VAT, customs duties and excises / road fees on oil derivatives, and a significant slowdown in refund payments, resulted in a high growth rate of net collection of indirect taxes in the third quarter of even 10.8%. In the fourth quarter of 2023, a growth rate of 8.3% was achieved. The downward trend in customs revenue growth rates has continued, while the growth rates of VAT and road fees were lower than in the third quarter.

Finally, revenues from excise taxes came out of the negative growth zone in which they had been for eleven months, which, along with the stabilization of refund payments, brought a record collection in absolute amount and an annual growth rate of 7.8% (Chart 3, right).

Comparisons with projections

According to the revised revenue projections² prepared by the Unit in mid-October 2023, the collection of indirect taxes in 2023 in the amount of 8,427.5 billion BAM was projected. Given that the collection of indirect taxes amounted to 8,434.6 billion BAM, it can be concluded that **the projections were realized with an accuracy rate of 100.08%**.

Collection by revenue types

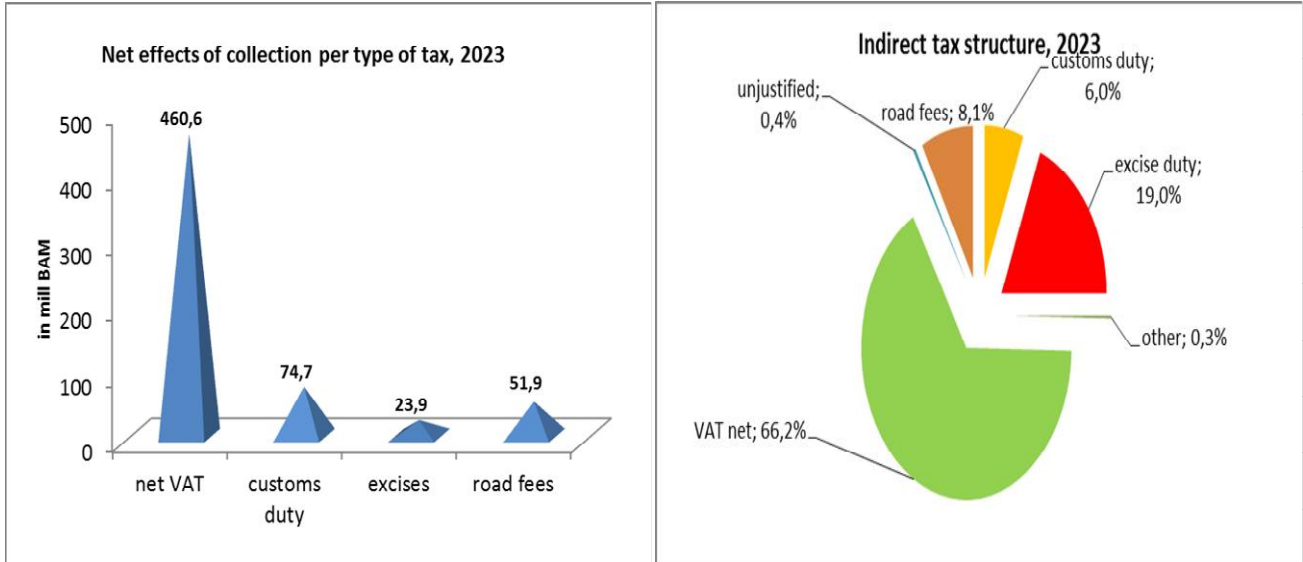
The growth of collections in December 2023 has also improved the picture of collection by revenue types (Chart 4, left). The largest absolute increase in 2023 was realized in the collection of VAT, as much as 460.6 million BAM, followed by customs revenues, 74.7 million BAM and revenues from road fees and excises, 51.9 and 23.9 million BAM, respectively.

In the analysis of collection by revenue types, non-adjusted revenues in the amount of 35.6 million BAM were not included.

² Revised projections of revenues from indirect taxes; MAU Bulletin No. 221/222, November/December 2023, www.oma.uino.gov.ba.

In the structure of revenues from indirect taxes, 2/3 refers to VAT, and 27% to excises and road fees (Chart 4, right).

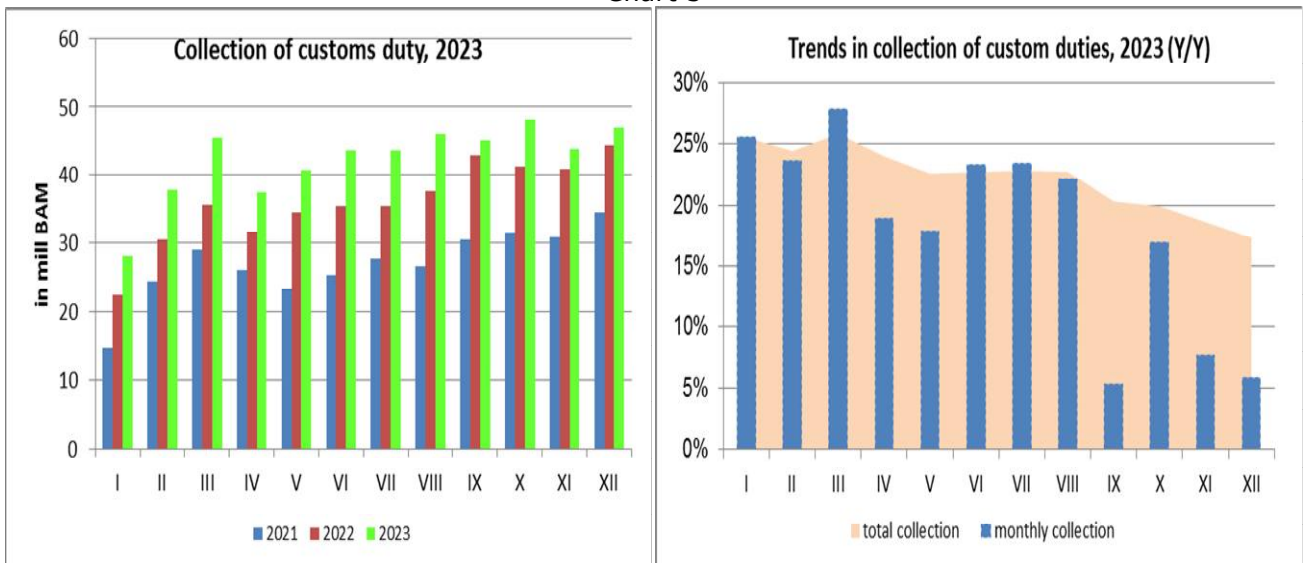
Chart 4



Customs duties

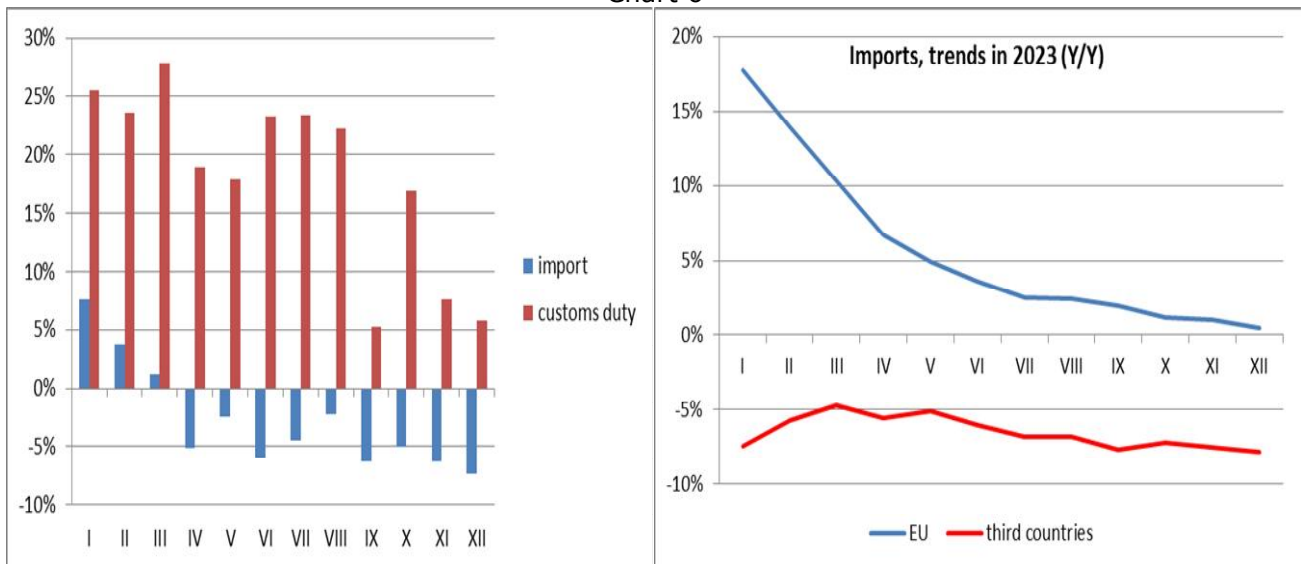
In the first months of 2023, growth in the collection of customs revenues was recorded (Chart 5, left), and due to the lower statistical base in the first quarter of 2022, before the outbreak of the war in Ukraine, monthly growth rates were above 25% (Chart 5, right). In the following months, customs revenue collection in absolute terms has increased, but growth rates were lower due to the effect of higher base after the start of the war in Ukraine. In December, a monthly growth rate of only 5.8% was recorded, representing the second lowest growth rate in 2023. Lower growth rates in September, November and December have led to a further slowdown of the cumulative growth rate, which was ultimately reduced to 17.3% (Chart 5, right). Compared to January, this represents a decrease of more than 8 pp.

Chart 5



The slowdown in customs revenue growth rates can generally be linked to a decline³ in imports in 2023. However, a discrepancy is apparent, as customs revenue trends were extremely positive while import trends in 2023 were negative (Chart 6, left). Bearing in mind the limited range of goods that are under the customs regime, it is necessary to analyse the trends in the import of goods from the EU and third countries⁴. In 2023, imports from the EU increased by only 0.5% compared to 2022, while imports of goods from third countries were lower by 7.8% (Chart 6, right).

Chart 6



However, the structure of collected customs revenues shows a different picture. Thus, revenues from customs duties collected on goods originating from the EU were higher by as much as 32.2%, and revenues from customs duties on goods from third countries by 9.9%. At the same time, revenues from customs duties on goods from third countries make up 2/3 of collected customs revenues, which means that the analysis should focus on imports from those countries. In a situation where, after the first shocks caused by the war in Ukraine, there was a stabilization of the market and decrease in prices, and thus in the basis for the calculation of customs duties, the mismatch between the trends in imports and revenues from customs may indicate a change in the customs duty payment regime⁵ and/or more significant changes in the structure of import of goods on which customs duty is levied, in favour of goods with higher customs base or higher customs rates. However, there has been a sharp reduction in the discrepancy between the rates of import decline and customs revenue growth starting from August 2023. This is also indicated by quarterly comparisons of customs revenue collection, which show high growth rates, but with a slowing trend as the end of the year approached. In the first quarter, the highest growth rate of 25.8% was achieved, and then the growth rates have been decreasing by 4-6 pp. Growth rates of 20.1% and 16.3% were achieved in the second and third quarters, respectively, and in the fourth quarter there was the smallest growth of 10% (Chart 7, left).

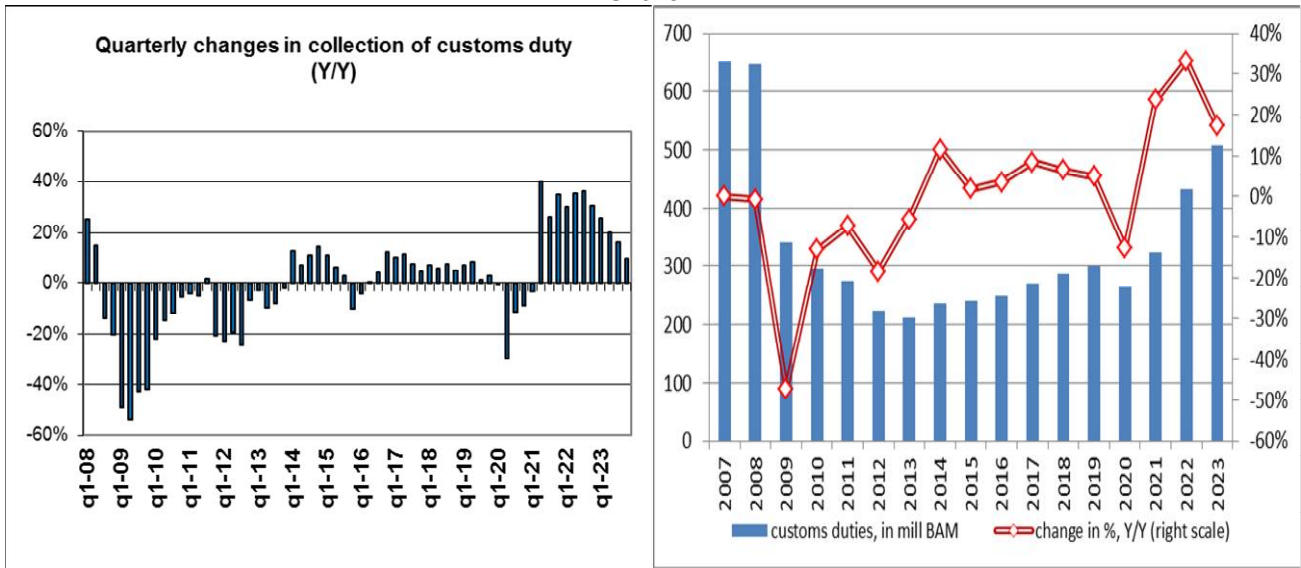
Finally, in 2023, a record nominal collection of customs revenue was achieved, the highest since 2008, when B&H began the five-year reduction/abolition of customs duties according to the Stabilization and Association Agreement with the EU (Chart 7, right).

³ According to the data of the Agency for Statistics of B&H, in 2023, the import of Bosnia and Herzegovina was lower by 3% than in 2022; www.bhas.gov.ba

⁴ For the purpose of the analysis, the term "third country" means all other countries except EU, EFTA and CEFTA countries.

⁵ An example is collection of customs duties on a large number of cars imported through authorized subjects from the EU that have stopped issuing certificates of origin from the EU.

Chart 7

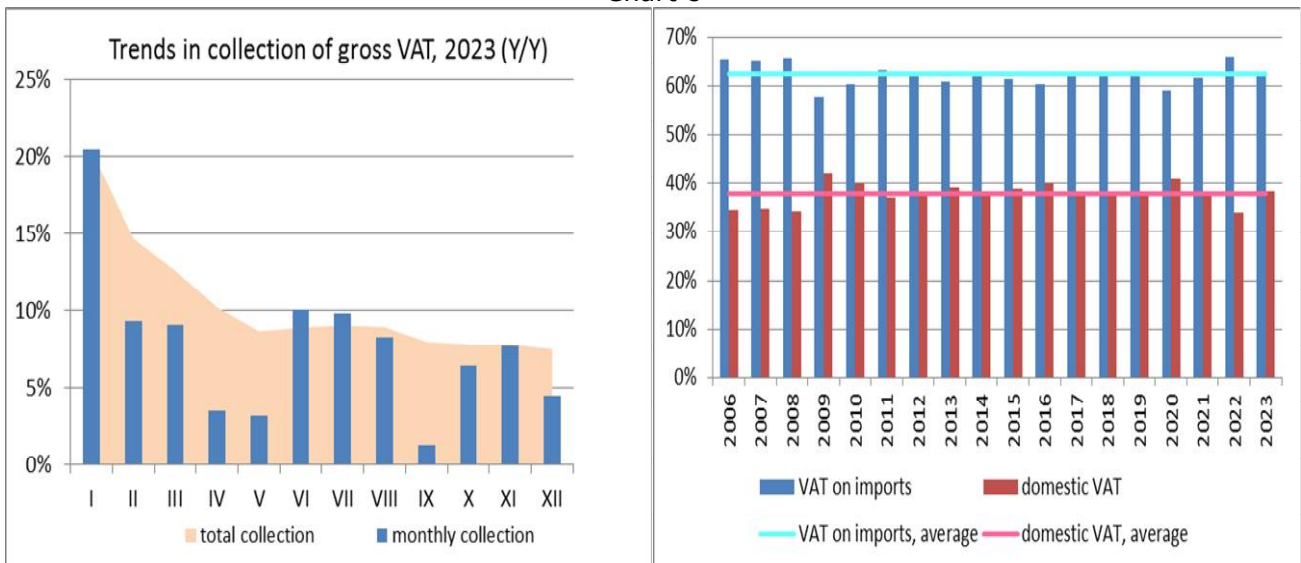


VAT

Gross VAT

The trend of a strong slowdown in the collection of gross VAT in the first five months of 2023 was stopped in June, and since then, monthly growth rates have been significantly higher. However, in September, the lowest growth rate of gross VAT collection of 1.3% was recorded. The recovery of gross VAT was achieved in October and November, but in December, a growth rate of 4.6% was recorded. However, the slowdown in collection growth rates since September has led to a reduction in the cumulative growth rate of gross VAT to 7.5%, which is 1.5 pp less than in the first eight months (Chart 8, left). It should be borne in mind that within the non-adjusted revenues, of which approximately 35.6 million BAM remained according to the report for December, there is certainly a significant part of revenues referring to domestic VAT, as a component of gross VAT.

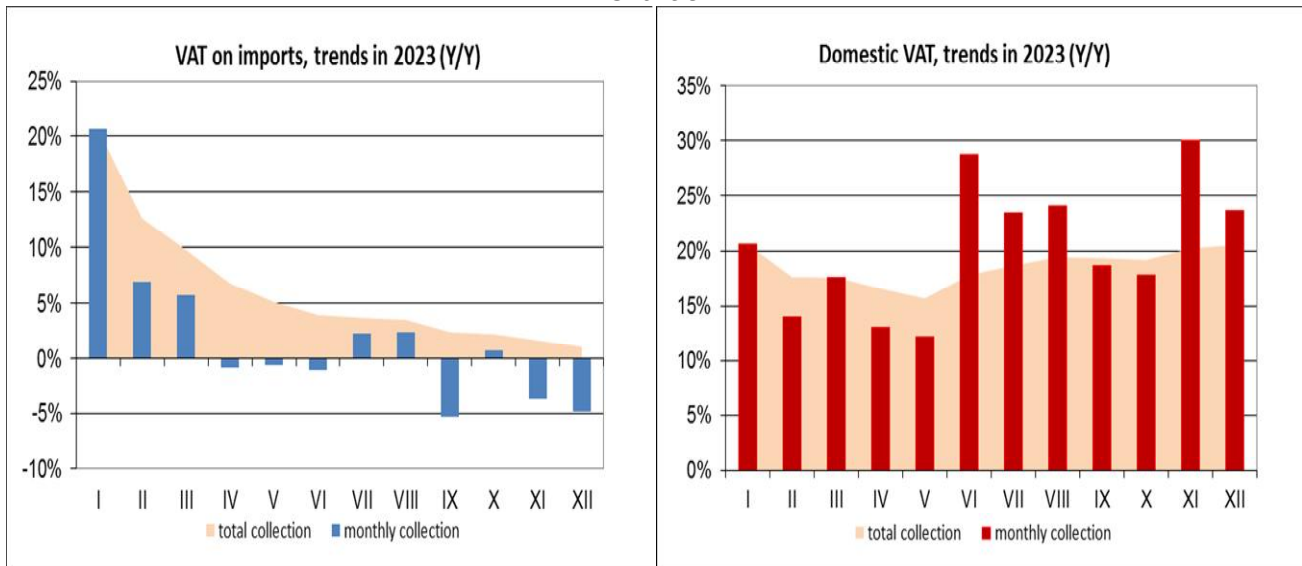
Chart 8



Analysis of trends in the structure of gross VAT collection shows the dominance of VAT on imports, which is not surprising given that Bosnia and Herzegovina is a small and open country, import oriented. The share of VAT on imports in gross VAT in 2023 was 62.3%, while the share of domestic VAT was 37.7%. Compared to 2022, the share of VAT on imports was lower by even 4.4 pp, while the share of domestic VAT was higher by 3.7 pp. From the above, the conclusion could be drawn that the drop in imports in 2023 has led to a drop in the share of VAT on imports in gross VAT. However, comparisons of the structure of gross VAT in the period 2006-2023 show that the shares in 2023 are close to the multi-year average. If we ignore the initial three years preceding the liberalization of foreign trade (i.e. the application of the SAA), when the share of VAT on imports was above the average because of, among other things, the significant share of customs duties in the basis for calculating VAT, an overview of the structure of gross VAT in the period 2009-2023 (Chart 8, right side) shows significant deviations only in a few "crisis" years. A smaller than usual share of VAT on imports due to a drop in imports was recorded in 2009, at the time of the global economic and financial crisis, and in 2020, due to the coronavirus pandemic, while an unusual increase in the share was recorded in 2022, due to the enormous increase in the prices of energy, raw materials and other goods on the world market after the start of the war in Ukraine.

The analysis of the dynamics of gross VAT components in 2023 points to the conclusion that the slowdown in gross VAT collection was a consequence of bad trends in collection of VAT on imports, which have lasted continuously since April 2023, and which were characterized by negative growth rates, maximum up to -5.3% in September, and modest positive growth rates, up to 2.4% in August (Chart 9, left).

Chart 9

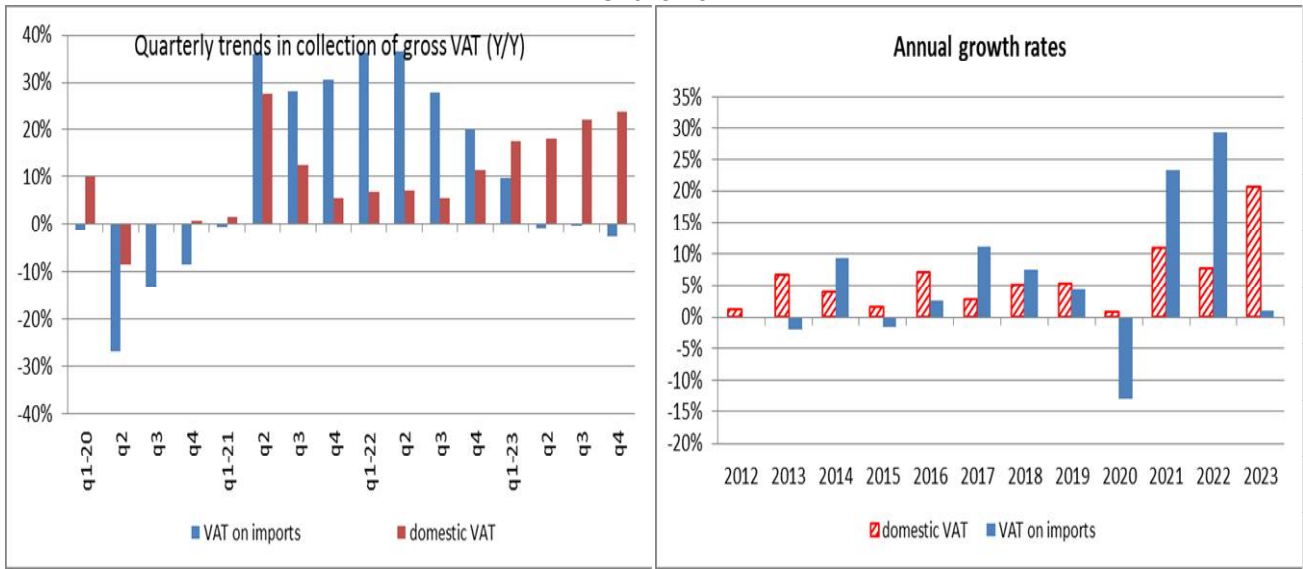


Trends in gross VAT collection in 2023 are specific due to unusually high monthly growth rates of domestic VAT, which ranged from +14% to even +30% in November 2023 (Chart 9, right). The high collection of domestic VAT was partly a consequence of maintaining high prices in the country even after the drop in import prices, especially energy prices. One of the growth factors was the expansion of the scope of taxation of bank service packages, which brought 1.5 pp of the increase in domestic VAT. In any case, it is a very high growth rate of domestic VAT, far above consumption projections.

Quarterly comparison of gross VAT collection by components also points to the conclusion of deepening the negative trends in the collection of VAT on imports, and high growth of domestic

VAT, as a consequence of the drop in imports and the maintenance of high prices in the country. The growth of VAT on imports of 8.9% was achieved only in the first quarter of 2023, while in the second, third and fourth quarters, decreases of -0.9%, -0.4% and -2.6% were recorded, respectively (Chart 10, left). On the other hand, unlike in the case of VAT on imports, quarterly growth rates of domestic VAT have been continuously positive, with an increasing trend. In the first quarter of 2023, the growth rate of domestic VAT was 17.6%, in the second 18.1%, in the third 22%, and in the fourth even 23.9% (Chart 10, left).

Chart 10

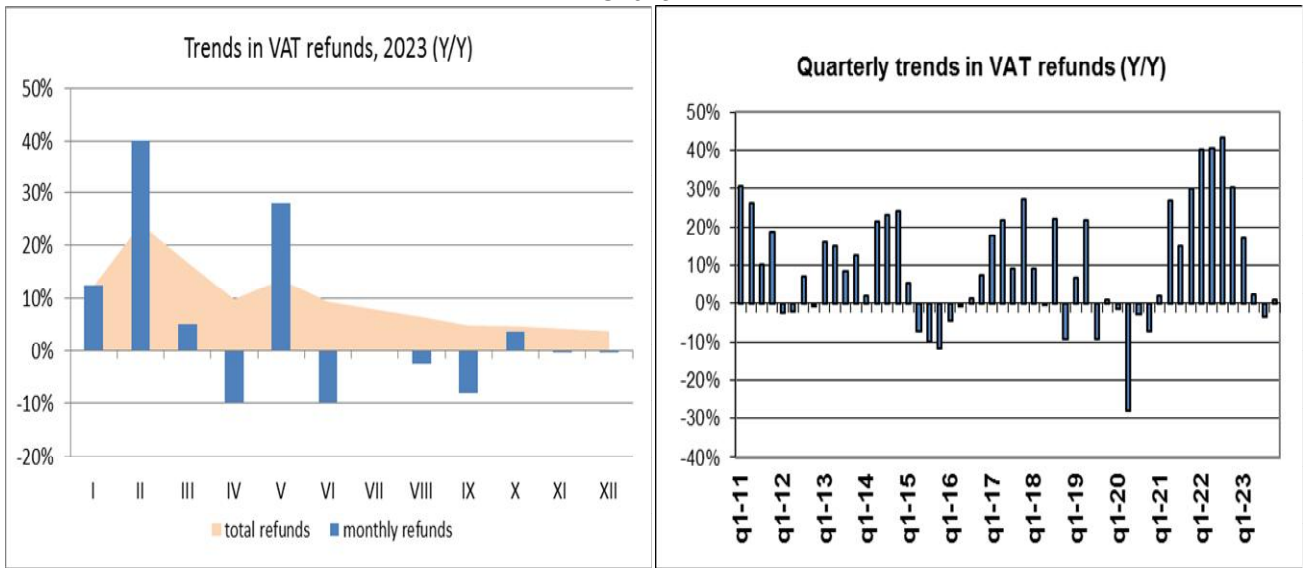


An overview of the annual growth rates of the components of gross VAT show a growth of VAT on imports in 2023 of only 1%, while the annual growth rate of domestic VAT in 2023 amounts even 20.5% (Chart 10, right). The review points to the turbulent developments in the world market and the domestic economy in the last four years, which significantly affected the VAT collection pattern in Bosnia and Herzegovina. In contrast to the previous years, in which solid import VAT growth rates and slightly more modest domestic VAT growth rates were recorded, the last four years have seen extreme trends in import VAT collection, a huge drop in the pandemic 2020 and almost zero growth in 2022, and huge growth in the post-pandemic 2021 and the "war" year 2022. On the other hand, huge growth rates of domestic VAT were recorded as a consequence of the sudden growth of consumption after the pandemic, increase in prices caused by the war in Ukraine and maintenance of high prices in the country even after the consolidation in the world market.

VAT refunds

The analysis of VAT refunds shows two different trends in 2023. The first refers to the first five months and the second to the period from June to the end of the year. VAT refund payments fluctuated strongly in the first five months of 2023, with monthly growth rates ranging between -10% and +40% (Chart 11, left).

Chart 11

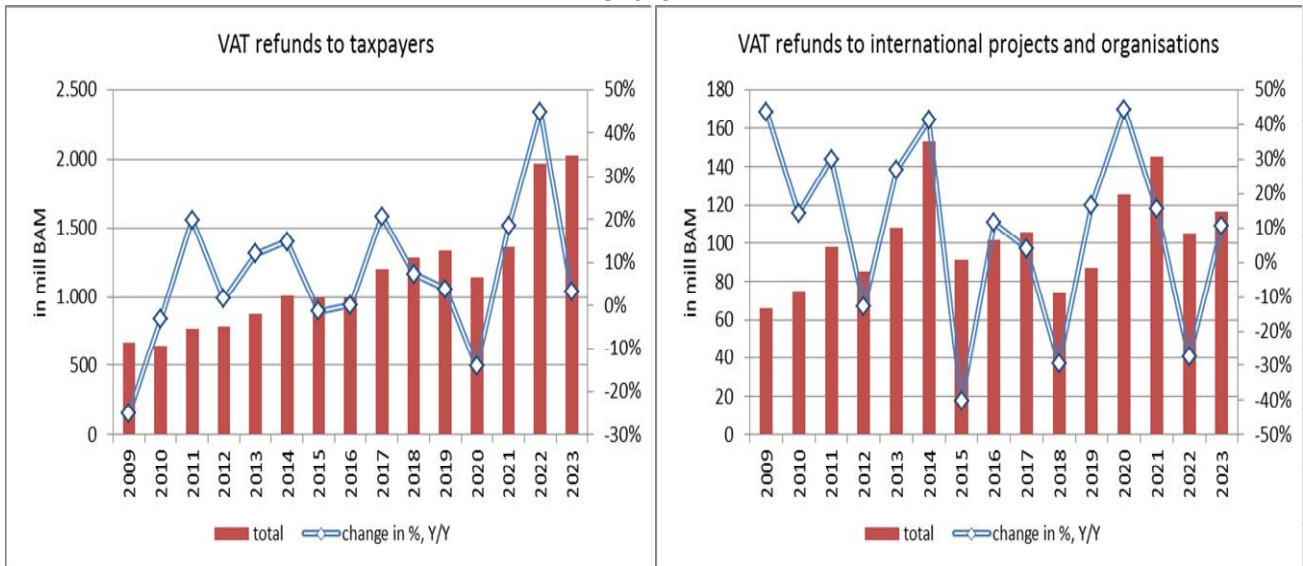


Since June, monthly growth rates of refunds have been mostly negative, and modest growth was recorded only in October. Stagnation, and then the decline in refund payments had the effect that the cumulative rate of refund growth at the end of 2023 fell to only 3.8%, almost 10 pp less than in the first five months of 2023 (Chart 11, left side, "cumulative"). The division into two analytical periods shows that in the first five months, 109.9 million BAM more refunds were paid than in the same period in 2022, while in the remaining seven months, 31.3 million BAM less was paid compared to the period June-December 2022.

The aforementioned trends are also indicated by quarterly comparisons, which in relation to 2022 show a strong slowdown in growth. A very high growth rate of 16.8% was recorded only in the first quarter. In the second quarter, the growth rate dropped to only 2.5%. In the third quarter a 3.4% drop in refund payments was recorded, and in the fourth, a minimal growth of 0.8% (Chart 11, right).

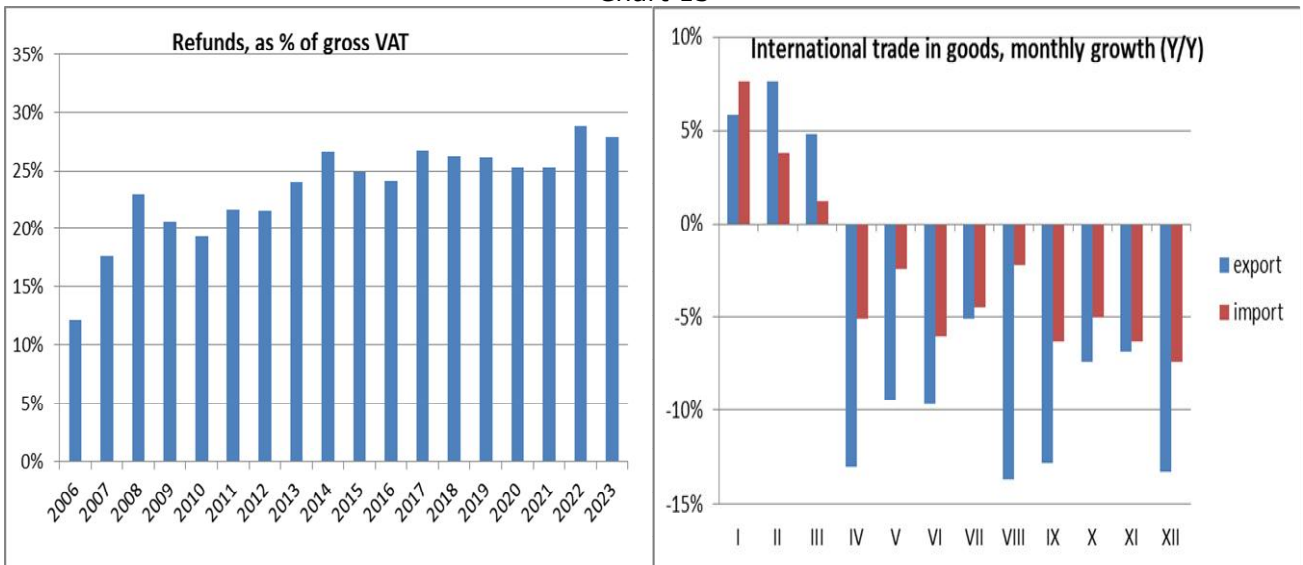
The analysis of the refund payment structure showed an increase in refund payments to taxpayers by only 3.3% (Chart 12, left), i.e. by 64.1 million BAM, compared to 2022, while refunds to international organizations and projects were higher by 10.5% or for 11.1 million BAM (Chart 12, right). The amount of payments of this category of refund depends on the contracted large infrastructure projects that are financed by international financial institutions, as well as on the dynamics of the implementation of already agreed projects.

Chart 12



Due to the sharp decline in refund payments, the share of cumulative VAT refunds in cumulative gross VAT in 2023 amounted to 27.8%, which is 1 pp less than the share in 2022, but higher compared to all previous years since the introduction of VAT (Chart 13, left).

Chart 13



The trends in refund payments in 2023 were not surprising given the decline in imports and exports since April 2023 (Chart 13, left). When analysing the connection between refunds and imports/exports, it is necessary to take into account the deadlines for submitting VAT returns and the prescribed deadlines for refunds⁶ from the Law on VAT, which means that refund payments in a given month are the result of import/export movements two to three months earlier.

⁶ According to the Law on VAT, refunds are paid to major exporters within 30 days from the submission of the VAT return, and refunds to other taxpayers (other exporters and importers) within 60 days from the submission of the VAT return.

Net VAT

Collection of net VAT is the result of trends in the collection of VAT on imports, domestic VAT and trends in refund payments. In the first five months of 2023, strong oscillations were recorded in refund payments, especially in February and May, which, along with the slower growth of gross VAT, resulted in zero (February) and negative (May) growth rates of net VAT (Chart 14) . The slowdown in refund payments since June had a positive effect on the net collection of VAT, which has been stabilized and has not change significantly until the end of the year. The relatively worse collection of gross VAT in the last four months of 2023 has neutralized to a certain extent the positive effects of gross VAT growth and stagnation and reduction of refunds, which resulted in a slight slowdown of the cumulative growth rate to the level of 9% (Chart 14, right, "total"). It should be noted that, as already mentioned, the expansion of the scope of taxation of bank services brought 0.8 pp of the increase in net VAT, as a one-time effect.

Chart 14

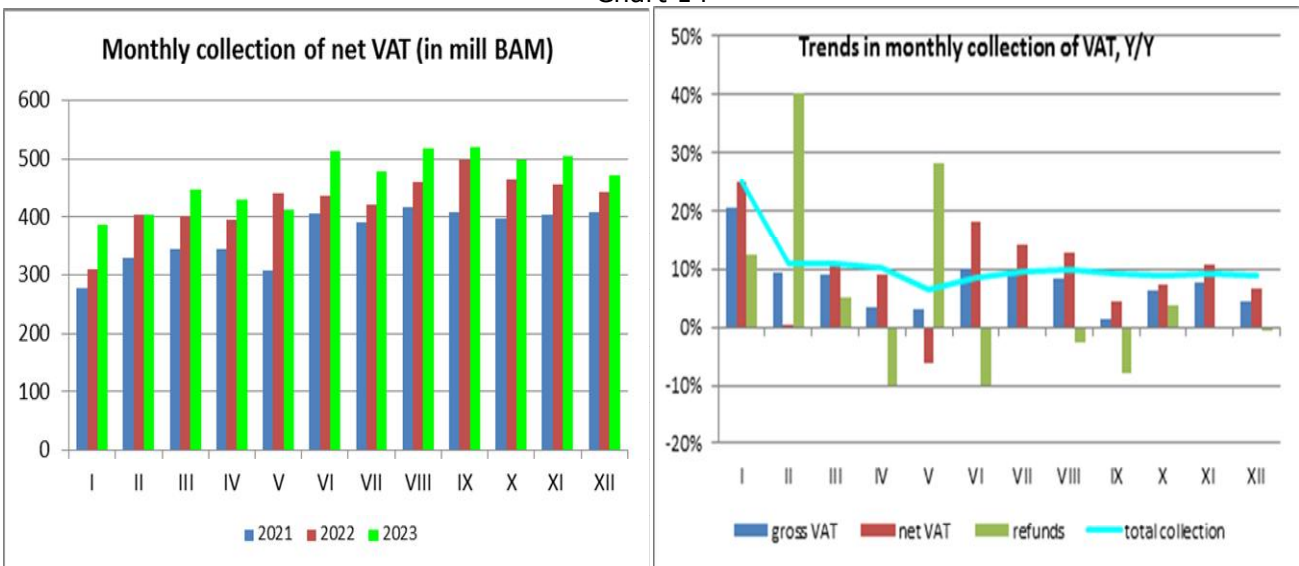
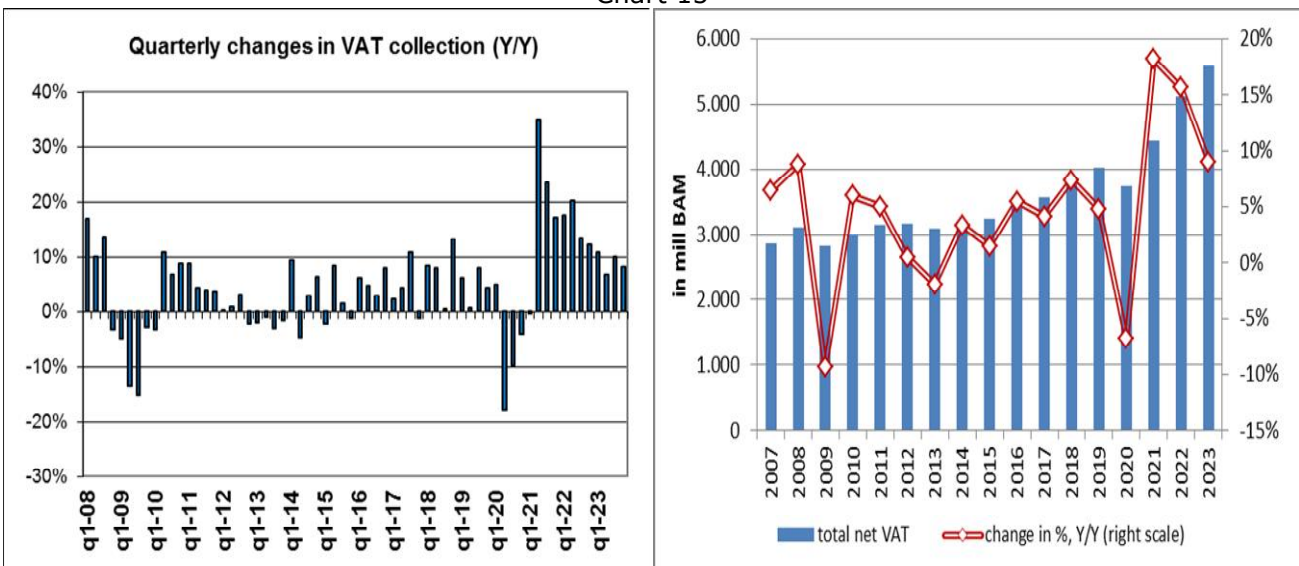


Chart 15



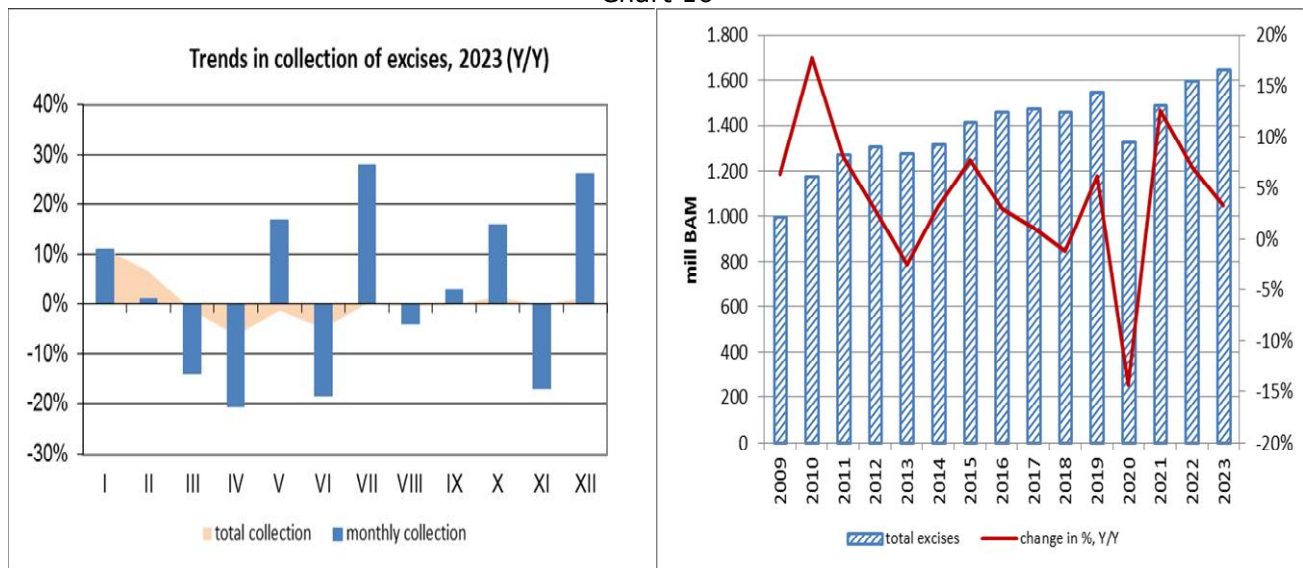
Quarterly comparisons show high growth rates continuously since the second quarter of 2021, with a strong slowdown in 2023, which is understandable due to the exhaustion of the effect of the lower statistical base for comparison from the time of the application of restrictions in the fight against the coronavirus pandemic, but also due to the higher base for comparison from 2022, after the outbreak of war in Ukraine. In the first quarter of 2023, net VAT grew by 10.8%, but the increase in refunds reduced the growth rate in the second quarter to 6.9%. The growth of gross collection and stagnation of refunds in the third quarter brought again a higher growth rate of net VAT of 10.1%. Worse developments at the end of the year led to a lower growth rate of 8.3% in the fourth quarter of 2023 (Chart 15, left). Comparisons of the nominal net collection of VAT in 2023 with previous years indicate the conclusion that the historical maximum since the introduction of VAT was recorded in 2023 (Chart 15, bottom right).

Excise duties

Total excises

The collection of excise duties is usually marked by strong monthly oscillations, determined by the collection of excise duties on tobacco products, as the most significant component of the total revenues from excise duties. Oscillations in the monthly growth rates ranged from -22% in April to +35% in July (Chart 16, "monthly collection"). Oscillations have continued in the fourth quarter of 2023. In October, a 15.6% increase in excise collection was achieved, in November a decrease of 17.5%, and in December again a high growth of 23.2% (Chart 16, left).

Chart 16



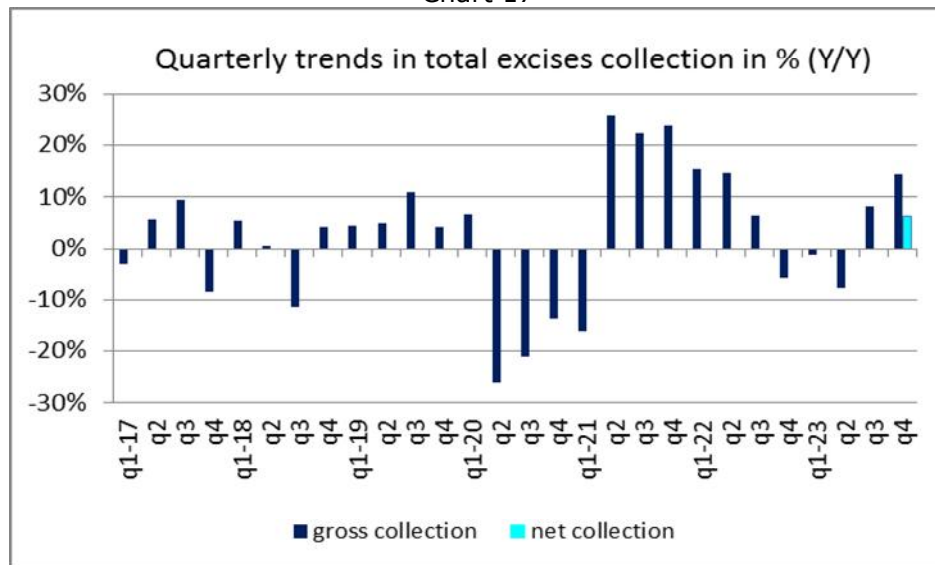
Monthly fluctuations in excise duty collection are the result of several factors. Of those related to developments in 2023, the most important are the change in the excise duty collection pattern due to the application of the new excise duty payment regime on tobacco products, and fluctuations in the retail prices of oil derivatives in the country caused by movements on the world energy market, and thus the consumption of derivatives. Likewise, monthly growth rates fluctuated due to the statistical base for comparison, which has been lower as of March 2022, after the start of the war in Ukraine, when it comes to excise taxes on oil derivatives.

Finally, the large drop in excise collection in November was the result of large payments of excise duty refunds on tobacco products. Refunds are common for excise duties on oil derivatives and alcohol, but their share in the total revenue collected from excise duties is negligible. However, in November and December 2023, a significant amount of excise duty on damaged excise stamps for marking tobacco products was refunded, as well as higher amounts of excise duty paid at the time of the transition from the old to the new payment regime.

The cumulative growth rate has also fluctuated. In the first half of the year, it was mostly in the negative growth zone, and in the second, the total collection of excise duties was at the level of zero growth, with very small deviations (Chart 16, left side, "cumulative"). Right side of Chart 16 shows trends in the cumulative gross collection of excise duties in 2023, before refund payments. The growth rate of gross collection of excise duties was 3.4%, but after refund payments, the growth of net collection was only 1.5%.

These one-time excise duty refund payments on tobacco products also affected the quarterly trends. Quarterly comparisons show the continuation of the negative growth trend from 2022 in the first and second quarters of 2023, when negative growth rates of -1.2% and -7.7% were recorded. The turnaround occurred in the second half of the year, when a growth of 10.4% was achieved in the third quarter, and even 14.4% in the fourth (Chart 17, "gross collection"). However, if one-time excise tax refunds on tobacco are taken into account, the growth of excise revenue in the fourth quarter was only 6.3% (Chart 17, "net collection"), which is even 8.1 pp less.

Chart 17

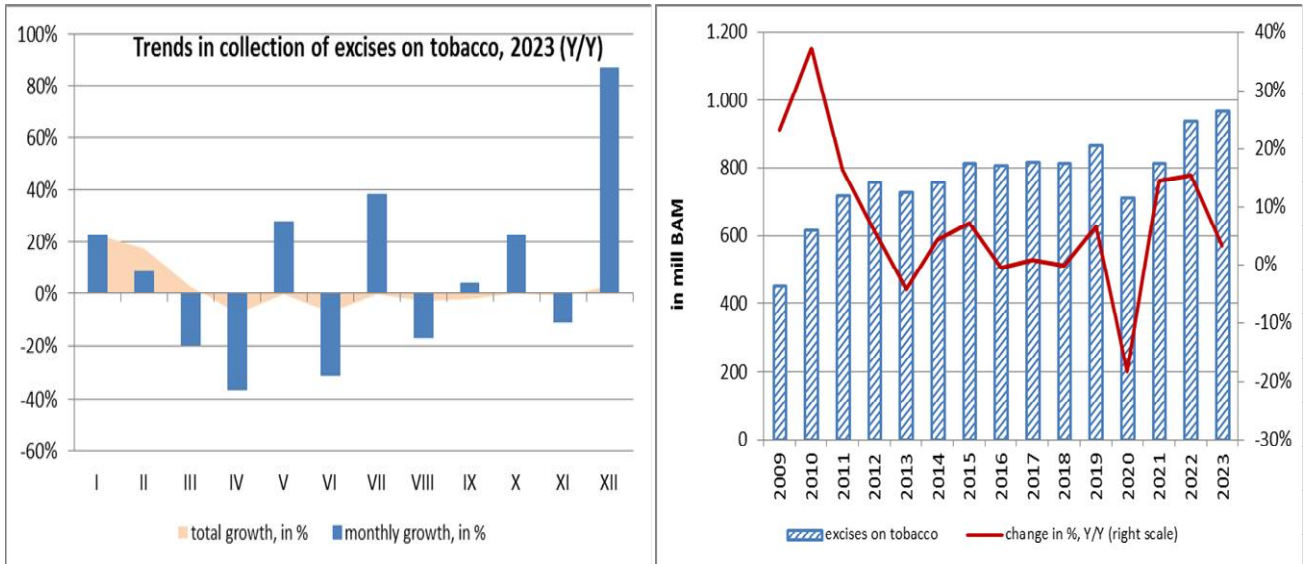


Excise taxes on tobacco products

Monthly trends in the collection of total excise taxes (Chart 16, left) and monthly trends in the collection of excise taxes on tobacco products (Chart 18, left) were almost identical, with the fact that the monthly rates of growth or decline in revenues from excise taxes on tobacco products were higher or lower than in the total collection of excise duties. Deviations in trends in the collection of total excise duties were caused by the movement of excise on oil derivatives, which is the second most significant type of excise duty in the total excise duties collected. Although for most of the year the cumulative growth rate of excise taxes on tobacco products hovered around zero, the monthly oscillations in the collection of excise taxes on tobacco products were sharper,

and the rates ranged from -36.5% in April to even +86.8% in December 2023. The enormous increase in excise taxes in December was a consequence of the extremely low statistical base (December 2022), when, before the transition to a new method of paying excise taxes, the minimum amount of excise stamps for cigarettes was taken over by tobacco companies.⁷

Chart 18



The transition to a new method of paying excise taxes had a negative impact on the total collection (Chart 18, left, "cumulative"). With the end of the transitional period, revenue collection has stabilized. The large increase in excise collection in July of 46% almost cancelled out the drop in excise collection from the first half of the year, but the continuation of the year again brought negative trends that lasted all until December. Only after the collection in December, the cumulative excise duty on tobacco products exceeded the 2022 collection. In the end, a growth of 3.4% was achieved. Excise taxes on tobacco products have been the most significant type of revenue. It was not until 2022 that their collection exceeded 2019, which was the year of historical maximum at that time. After reduced revenue collection from excise taxes on tobacco products in 2020 and 2021, a high growth rate of 15.4% was recorded in 2022. In 2023, excise duty collection exceeded 2022 by 31.8 million BAM, setting a new collection record (Chart 18, right).

Oscillations in the collection of excise taxes on tobacco products are common, given that the collection depends on the sales policies of two multinational tobacco corporations, which hold as much as 83% of the cigarette market in B&H. However, in 2023, fluctuations in the collection of excise duty were further aggravated due to the application of the new payment regime from the spring of 2023.⁸ The new excise duty payment regime implies paying excise duty when importing tobacco products instead of paying excise duty when collecting excise stamps. With the transition to the new excise duty payment regime, the time interval between the payment of excise duty and the placement of cigarettes to which the payment refers has been shortened.⁹ The consequence of the transition to the new payment regime was a vacuum in the collection of excise duties, the length of which and, consequently, the impact on the collection of excise revenue, depended on

⁷ The amount of excise stamps taken over in that month was the lowest since December 2020.

⁸ Amendments to the Law on Excises ("Official Gazette of BiH" No. 50/2022).

⁹ Until the amendments to the Law on Excises, excise taxes were paid at the time of taking over stamps, which had been producing the negative effects on the cash flow of tobacco companies, considering necessity to pay significant financial resources for excise taxes long before cigarette sales.

the interval between the collection of stamps and the import of cigarettes.¹⁰ It was a one-time effect, which was positive for the cash flow of tobacco companies, while for the state it represented a loss of excise revenue (Text box 1).

Although it was expected that upon the entry into force of all implementing regulations, tobacco companies would switch to a new payment regime in January 2023, this did not happen due to adjustments to customs procedures regarding the payment of excise duties on imports (obtaining bank guarantees, etc.). Bearing this in mind, it was understandable that the pace of adoption of new procedures by tobacco companies and the transition to a new payment regime has differed. Ultimately, this had the consequence that the effect of the loss of revenue extends from mid-February to mid-April 2023, i.e. in three monthly reports in the period February-April.

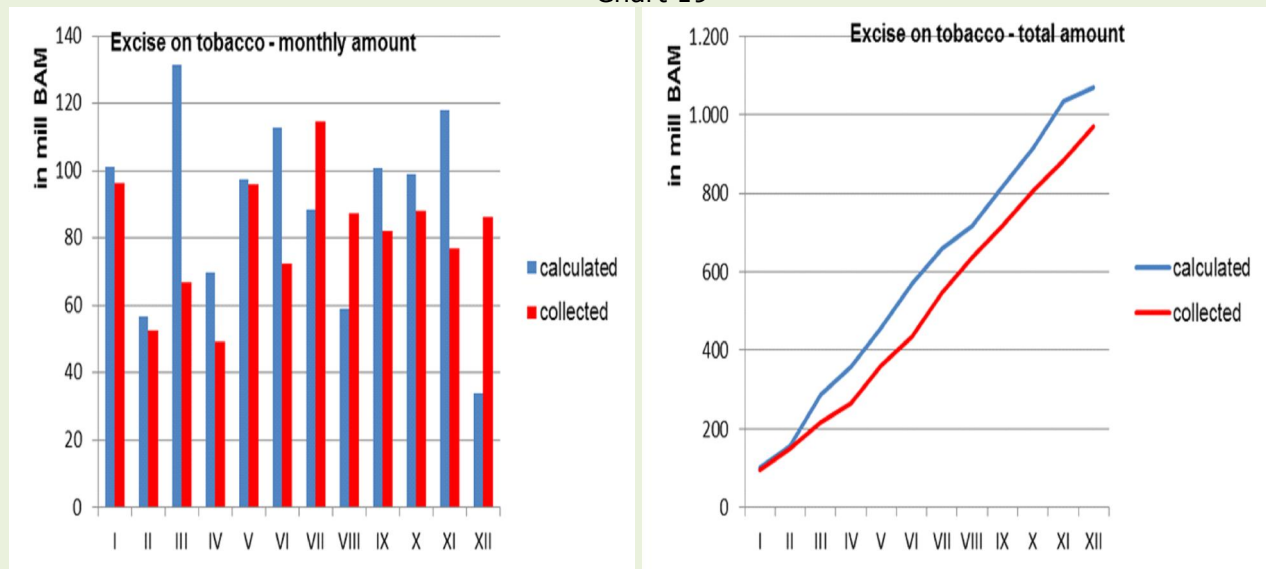
Text box 1: Loss of revenue from excise taxes on tobacco products due to the introduction of a new payment regime

With the old method of excise duty collection, there was no discrepancy between calculated and collected excise duty, but the amounts of calculated excise duty for collected excise stamps were immediately paid on the ITA SA.

The one-time loss of revenue was initially estimated by the Unit in the amount of the average monthly collection in 2022, assuming that the time lag between the collection of stamps, when the excise duty is calculated, and the import, when the excise duty is paid, is one month. Over time, the assessment of the Unit turned out to be underestimated, because during the year the discrepancy between the collected and calculated excise duty has increased significantly, even to 150 million BAM in November.

Finally, due to the strong growth of collected excise revenues in December, the amount of the loss was reduced to 100 million BAM (Chart 19), which represents 1.3 of the monthly collection in 2022.

Chart 19



¹⁰ Between those two final activities, it is necessary to export excise stamps to the countries where tobacco products are produced, produce cigarettes and transport them to Bosnia and Herzegovina. Until now, depending on the manufacturer, it has taken at least a month to import cigarettes with excise stamps on which excise duty has been paid.

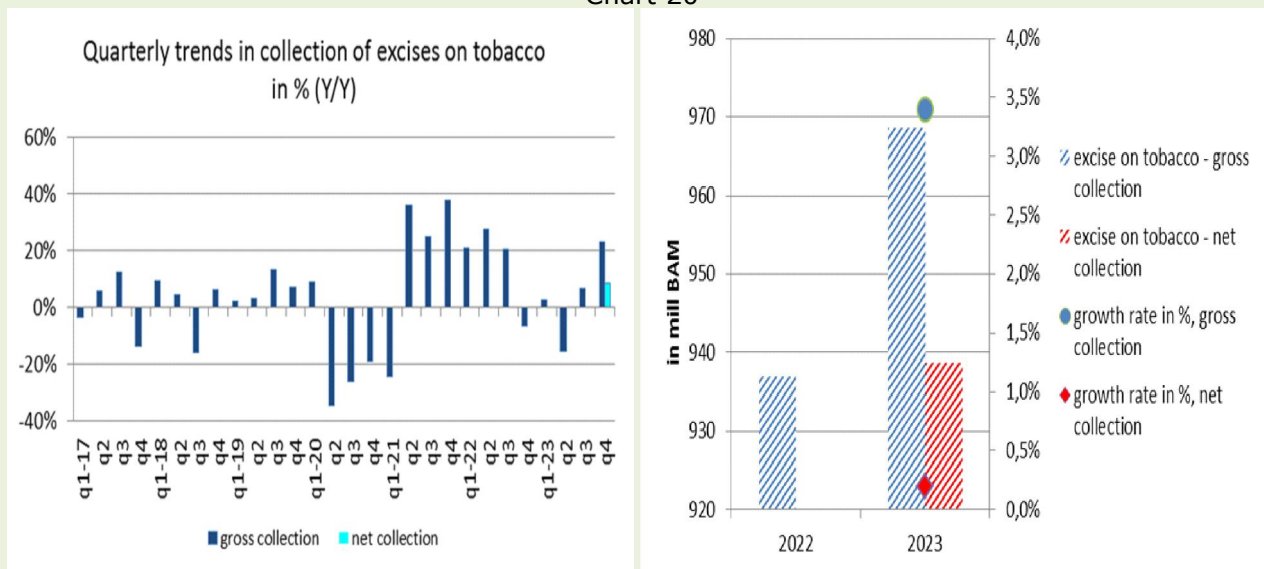
Another factor that makes the analysis of excise duties on tobacco products in 2023 specific are the effects of one-time excise duty refunds for damaged excise stamps and higher amounts of paid excise duties (Text box 2).

Text box 2: The effect of one-time refund of excise on tobacco products on quarterly and annual trends

Quarterly trends: Due to slower dynamics of the transition to the new method of payment of excise duties in the first quarter of 2023, the collection of excise duties on tobacco products was mainly carried out according to the old regime, which led to a growth of 3%. The full effects of the transition to the new excise duty payment regime were manifested in the second quarter, when a negative growth rate of even -15.5% was recorded. The end of the adjustment to the new payment dynamics brought the growth of excises on tobacco products in the third and fourth quarters of 6.8% and 23.3%, respectively (Chart 20, right). High growth rate in the fourth quarter *de facto* shows the trends in the gross collection of excise taxes on tobacco products. After excluding the effects of one-time refunds, net growth in the fourth quarter of 2023 was only 8.6% (Chart 20, left, "net collection"), which is 14.7 pp less than the growth rate of gross collection.

Annual trends: The payment of one-time refunds was also reflected in total collection of revenues from excise taxes on tobacco products. After deducting the amount of paid one-time refunds from the collection of excise taxes on tobacco products, the cumulative growth rate of excise taxes on tobacco products in 2023 was only 0.3% (Chart 20, right).

Chart 20



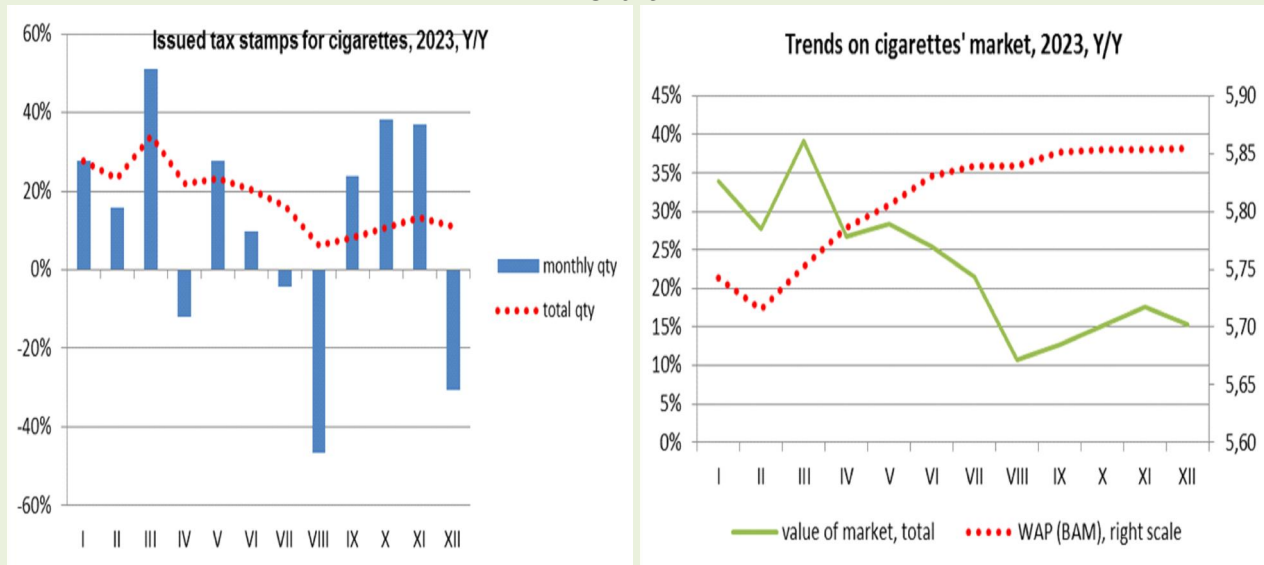
It should be emphasized that, from an analytical point of view, the year 2023 is specific when it comes to the analysis of excise taxes on tobacco products, and therefore it is not comparable with previous years, nor can it be a reference for collection analyses in the following years. The reason is the introduction of a new method of excise duty payment, which caused a structural break in the data series used for the collection analysis. By changing the moment of excise duty payment, a discrepancy arose between calculated excises (calculated at the time of taking over of stamps) and collected excise duties (recorded at the time of importation). From an analytical point of view, except for data on collected excises, all other elements of the analysis of trends in the tobacco

market remain comparable to previous years, meaning that they will be a reference for analyses in the future as well (Text box 3).

Text box 3: Trends in the market of tobacco products in Bosnia and Herzegovina

In 2023, value of cigarette market increased by 15.3% (Chart 21, right), while the quantity of cigarettes, measured by the number of issued excises, was higher by 11% (Chart 21, left). The policy of moderate growth in retail cigarette prices has contributed to the strong growth of the market, due to which the weighted average price of cigarettes in 2023 was higher by 3.7% compared to 2022 (Chart 21, right), as was projected by the Unit's October projections.

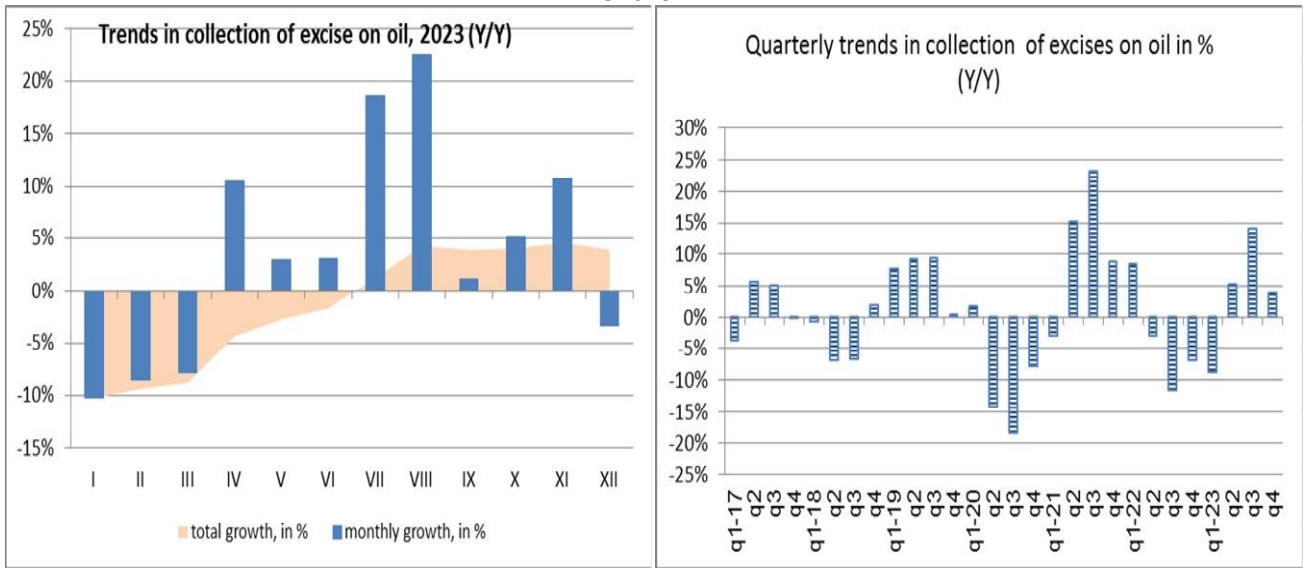
Chart 21



Excise duties on oil derivatives

In the first three months of 2023, negative growth rates of excise duties on oil derivatives were recorded, and a strong recovery was achieved in the rest of the year. The cumulative growth rate moved into a positive growth zone in the middle of the year, and at the level of eleven months, the growth was 4.6%. However, in December there was a 3.3% decrease in revenue from excise duties on oil derivatives, reducing the cumulative growth rate to 3.9% (Chart 22). Trends in the collection of excise duties on oil derivatives are strongly determined by the statistical base effect from 2022. In the first three months of 2022, in the period before the start of the war in Ukraine, the consumption of oil derivatives was stable due to stable prices on the world market, which had a positive effect on the collection of excise duties in that period. However, in the same period in 2023, excise duty collection was lower due to a drop in consumption caused by higher energy prices as a result of turbulence on the world energy market because of the war in Ukraine. In the following months, the effect of the base was opposite. In the period April - December 2022, due to the rise in prices, there was a decrease in the consumption of oil derivatives and, consequently, the collection of excise duties, while in the same period in 2023, the prices of oil derivatives stabilized and then started to fall, having a positive effects on consumption and collection of excise duties. As a result of those trends on the derivatives market, excise duty collection in the period April - December 2023 was higher by as much as 7.9% compared to the same period in 2022.

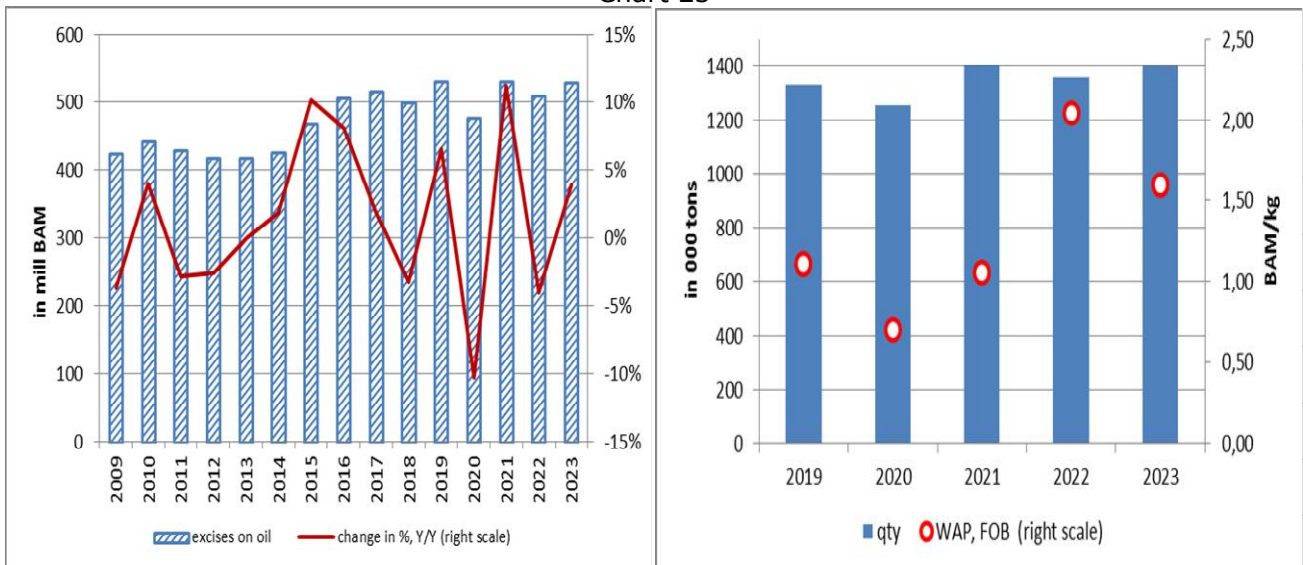
Chart 22



Quarterly comparisons show negative growth rate of -8.8% only in the first quarter of 2023, as a continuation of the trends from the greater part of 2022 (Chart 22, right). In the second quarter of 2023, a 5.2% increase in revenues from excise duties on oil derivatives was recorded, in the third quarter as much as 14.1%, and in the fourth quarter by 4%, due to poor collection in December.

Overall, the collection of excise duties on oil derivatives in 2023 in absolute amount was at the level of collection in 2021, before the outbreak of the war in Ukraine, and collection in 2019, before the outbreak of the coronavirus pandemic. (Chart 23, left). A comparative overview of the trends in the import of derivatives in the last five years points to the causes of stagnation in revenue from excise duties on oil derivatives. The movement of the weighted average price of 1 kg of oil derivatives at the border and the movement of the amount of derivatives that were imported are shown (Chart 23, right). After the price shock in 2022, which led to a drop in consumption, the reduction in oil derivative prices in 2023 has stabilized the consumption of derivatives in B&H, but only to the level of previous years.

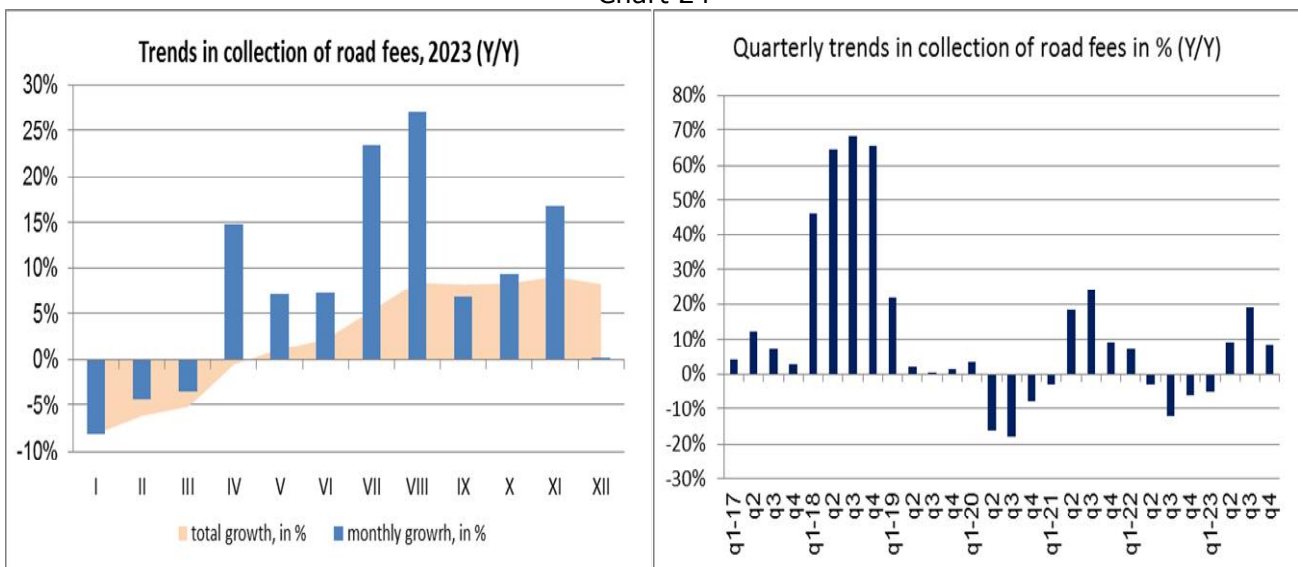
Chart 23



Road fees

The collection of road fee revenue follows the collection of excise duties on oil derivatives. Poor collection in December 2023 reduced the cumulative growth rate of road fee revenue to 8.3% (Chart 24, left). Differences in the growth/decrease rates of revenues from road fees and excise duties on oil derivatives originate from the different bases on which road fee and excise duties on oil derivatives are calculated and paid, and benefits, in the form of road fee exemptions, which are provided for mines, thermal power plants and railways. However, due to the decision¹¹ of the State Aid Council of B&H, the exemptions of road fee payments for the mentioned categories of taxpayers were suspended in 2023, resulting in higher road fee collection in 2023, higher growth rates of road fees and greater discrepancies in relation to the growth rates of excises on oil derivatives.

Chart 24



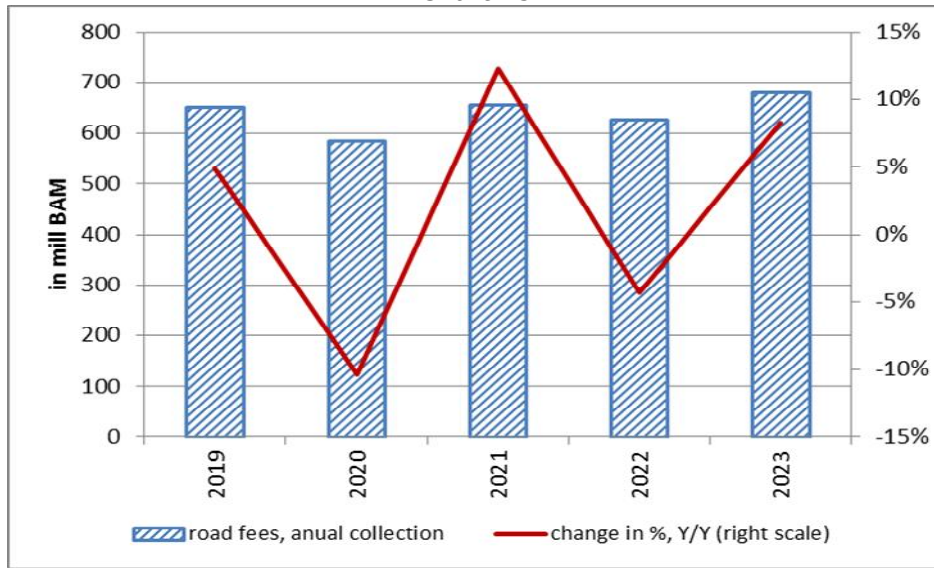
Quarterly analyses show a similar negative trend as excise duties on oil derivatives, with the fact that growth rates were higher. Quarterly comparisons show negative growth of -5.2% only in the first quarter of 2023, as a continuation of trends from the greater part of 2022 (Chart 24, right). An increase of 9,4% in road fee revenue was recorded in the second quarter of 2023, even 19.1% in the third quarter and 8.4% in the fourth quarter, due to poor collection in December.

In 2023, approximately 52 million BAM more road fees were collected compared to 2022, representing a record collection since 2009 (Chart 25). The total collection in 2023 fell to the level of 2018. The effect of the suspension of road fee exemptions for mines and thermal power plants in 2023 brought 3.7 pp of the road fee increase in 2023.¹²

¹¹ "Official Gazette of B&H" No 49/23 and "Official Gazette of B&H" No 63/23

¹² The estimate is based on the assumption that the released quantities of diesel in 2023 would be identical to the released quantities in 2022, which implies road fees revenues of 23 million BAM.

Chart 25



Excise duties on coffee

After a bad start, the positive growth trend in collection of excises on coffee lasted from May to October, while in November there was a big drop in the collection of even 36.4%. Weakness from the month of November was annulled by the 7.6% increase in excise collection in December, so that, in the end, a negative cumulative growth rate of -0.5% was achieved (Chart 26, left).

The quarterly analysis best illustrates the trends in collection of excise duties on coffee in 2023. In the first quarter of 2023, a drop in collection of -8.6% was recorded, in the second a high growth rate of 12.6%, while in the second part of the year there was a slowdown in growth and, then, a drop in revenue. Thus, in the third quarter, growth of only 1.4% was achieved, and in the fourth, thanks to poor collection in November, a drop of 6.2% (Chart 26, right).

Chart 26

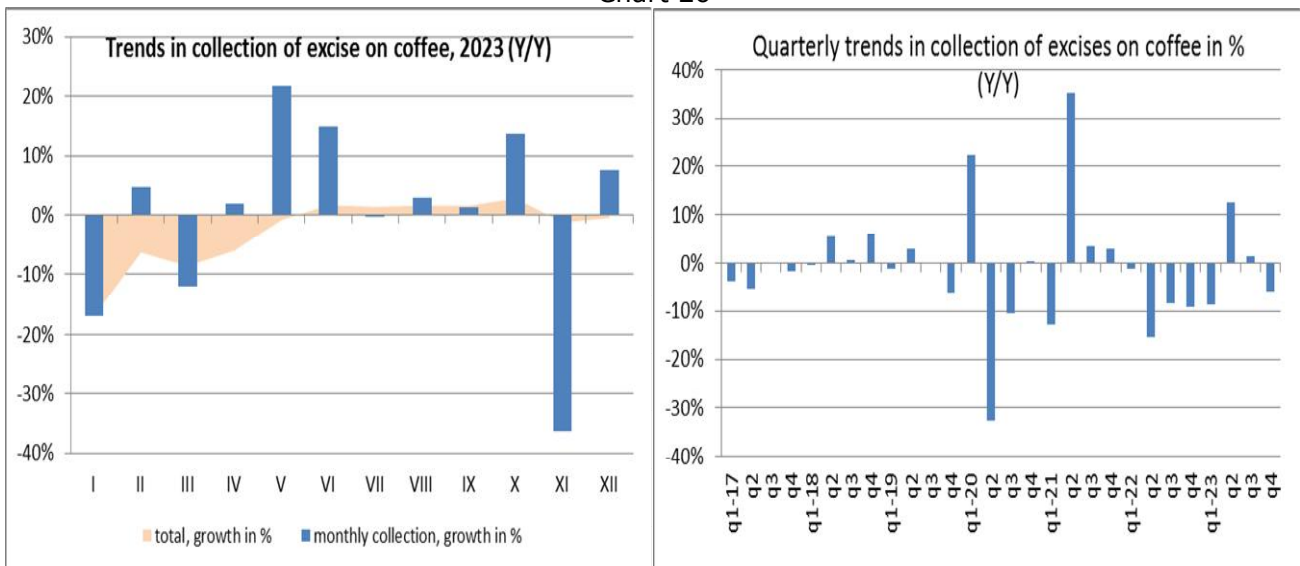
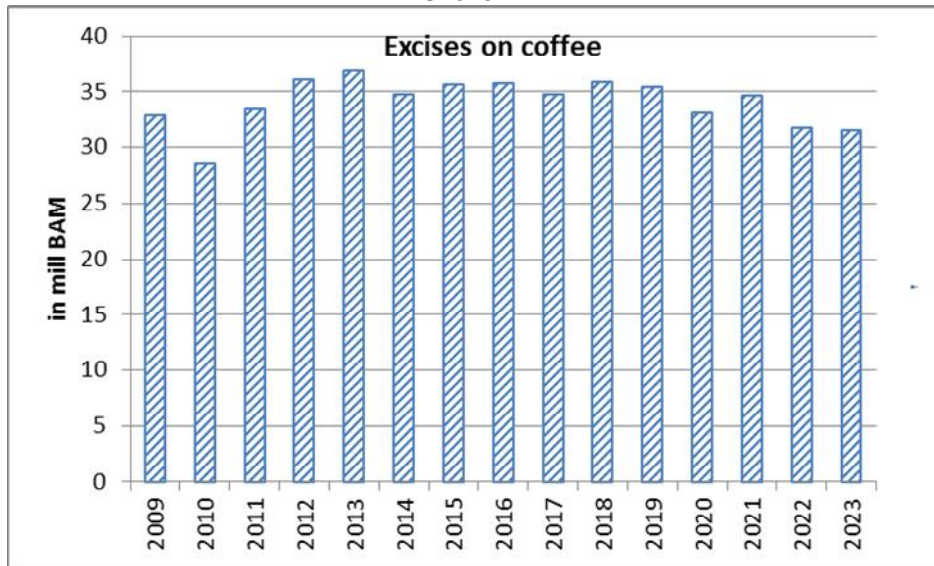


Chart 27

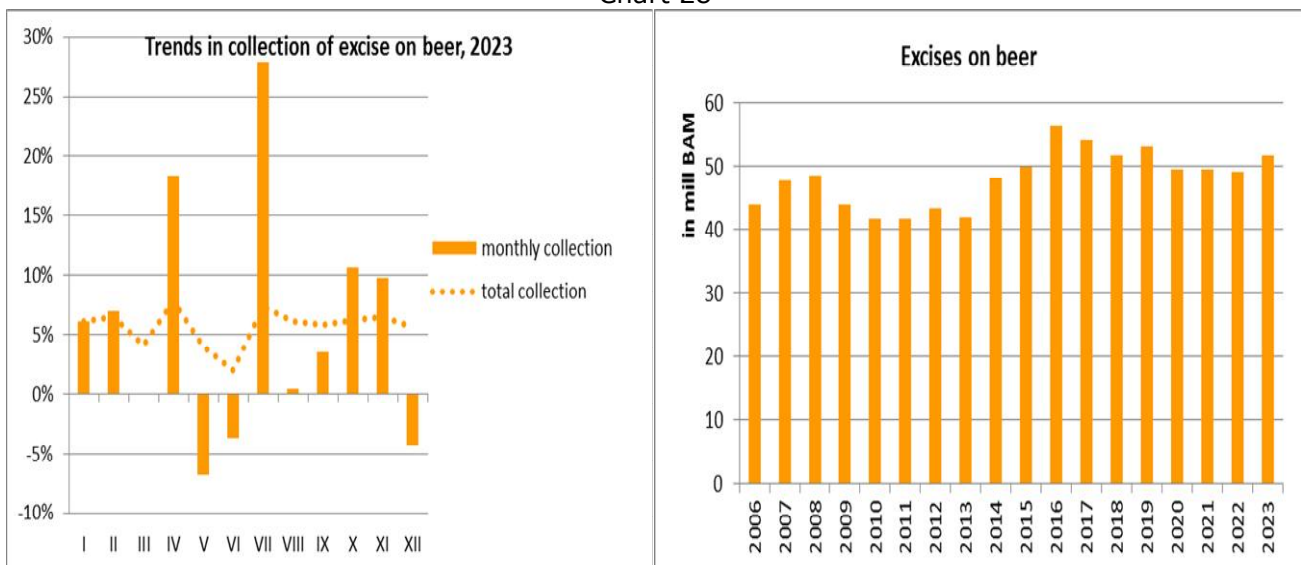


The total collection of excises on coffee in 2023 was the lowest since 2010 (Chart 27). It is obvious that the mass outflow of the younger population from Bosnia and Herzegovina, changes in consumer habits that accompany the diversification of the offer of similar products and substitutes, and, finally, the rise in coffee prices, were the main factors in the decline in excises on coffee, which could not be compensated even by increasing the number of non-residents staying in B&H on various grounds.

Excise duties on beer, wine, alcohol, alcoholic and non-alcoholic beverages

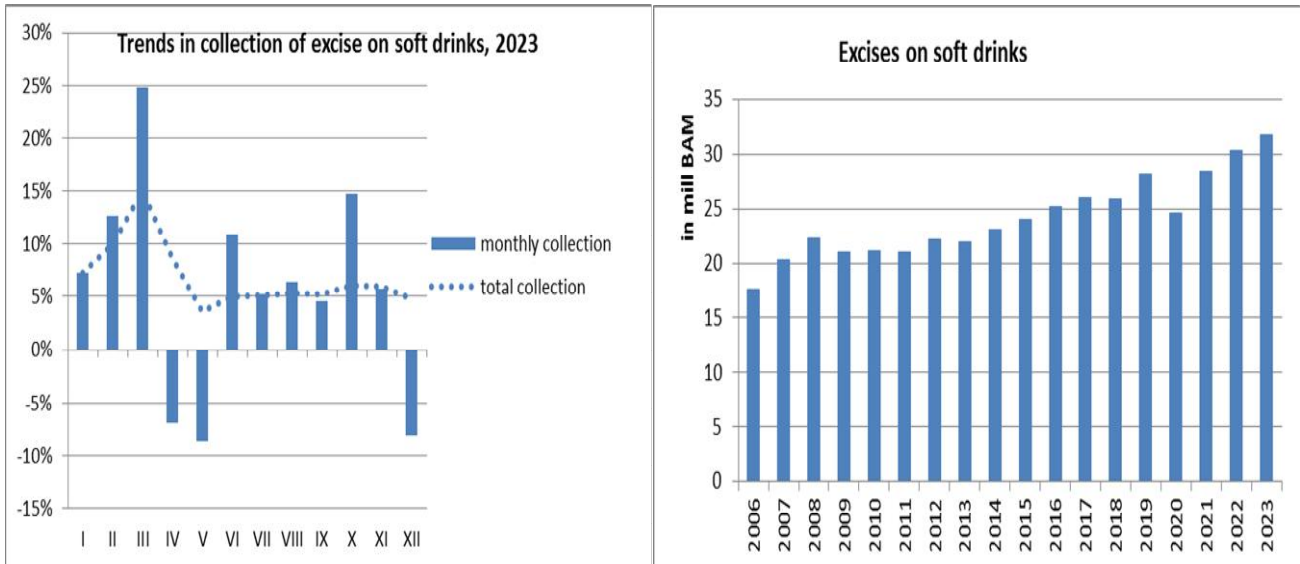
The highest growth rate in 2023 was achieved in excise duties on beer, 5.6%, with the fact that the collection of excise duties on imported beers was higher by 9.9%, which compensated for the decrease in revenue from excise duties on domestic beers of -10.9 % (Chart 28).

Chart 28



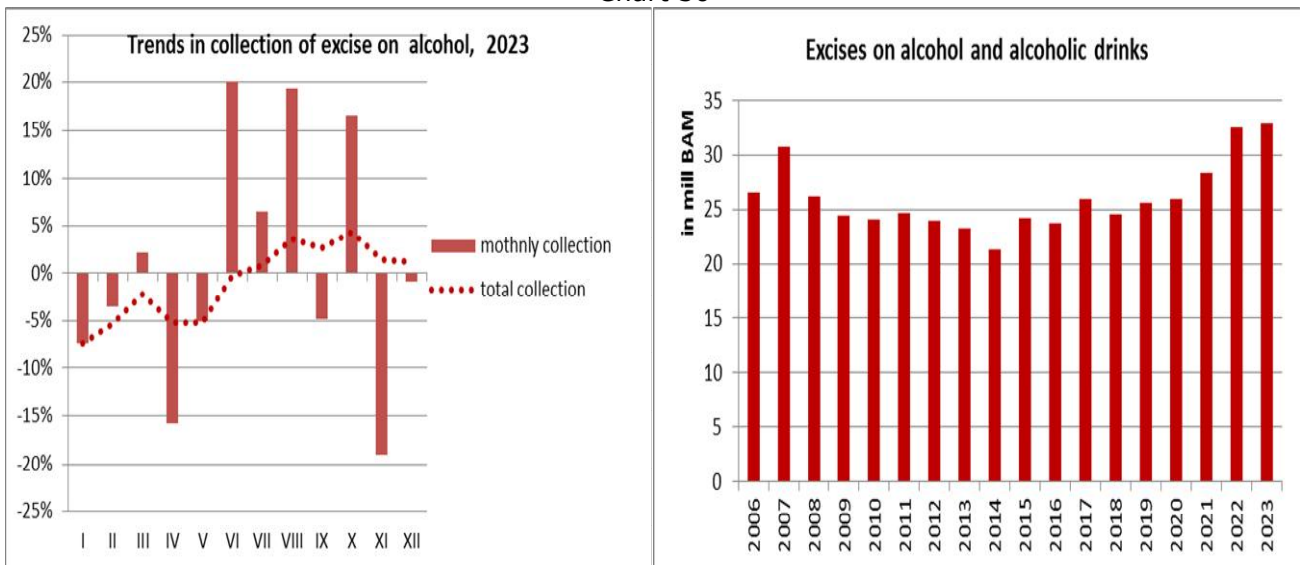
The collection of excise duties on non-alcoholic beverages has also been recording a continuous growing trend, with the growth rate above the growth of consumption. In 2023, excise duty collection on non-alcoholic beverages was 4.8% higher than in 2022, representing a record collection since the establishment of the ITA (Chart 29, right).

Chart 29



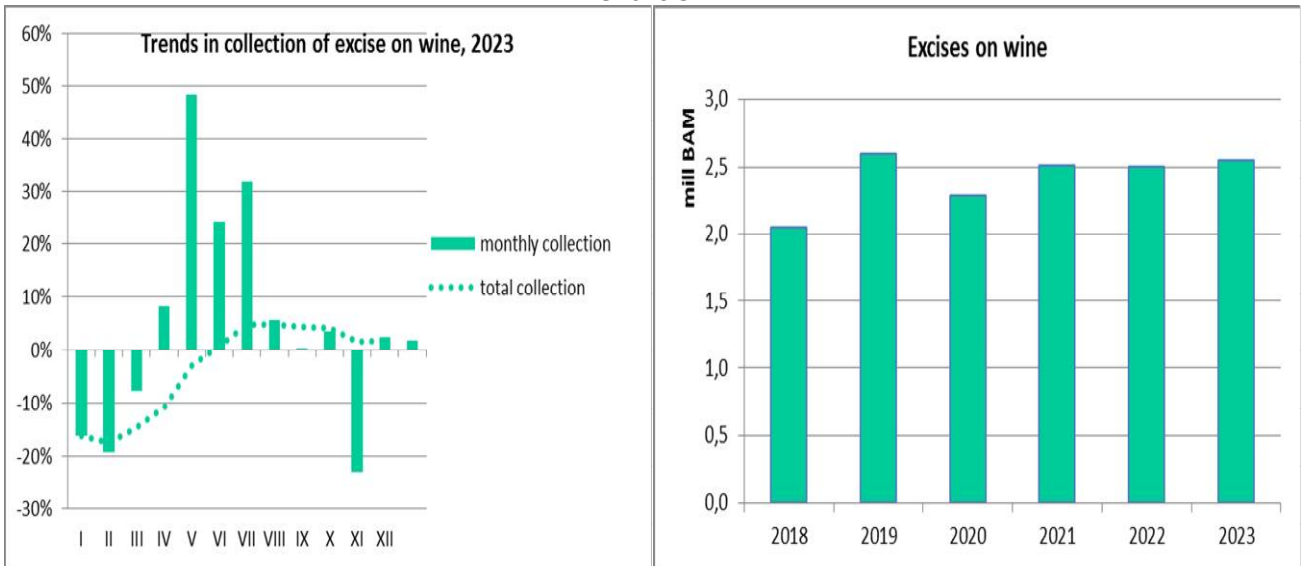
Having the strong monthly fluctuations, excise duty on alcohol and alcoholic beverages in 2023 was by 1.1% higher than in 2022 (Chart 30).

Chart 30



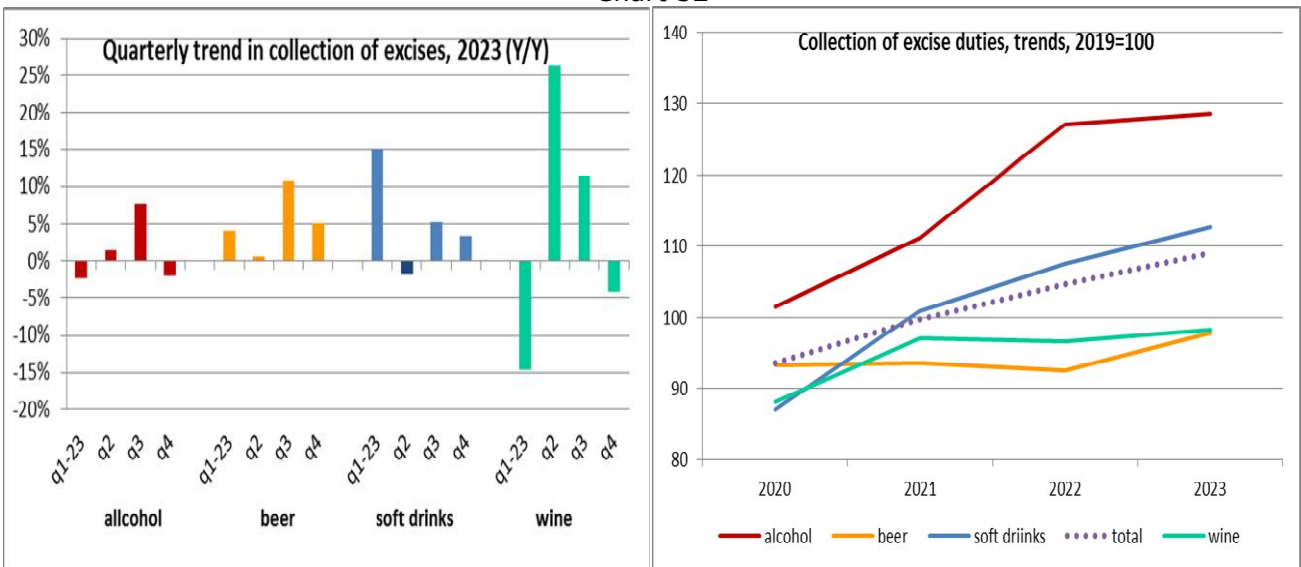
There was an increase of 1.7% in the collection of excise taxes on wine, but the cumulative revenue collected was still below the collection in the year of historical maximum 2019 (Chart 31, right).

Chart 31



Quarterly comparisons indicate strong oscillations, especially in excise taxes on wine. In the fourth quarter of 2023, a slowdown in growth of excise duties on beer and non-alcoholic beverages, as well as a decline in collection of excise duties on alcohol and wine were evident (Chart 32, left).

Chart 32



Finally, in 2023, positive trends were achieved in the collection of revenues from excise taxes on the product group consisting of beer, wine, alcohol, alcoholic and non-alcoholic beverages. The total revenues from excises on the mentioned products represent 1.4% of the collection of revenues from indirect taxes. Compared to 2019, as a year of stable consumption before the pandemic and the war in Ukraine, the total excises collected on the listed products were higher by 9%. However, within the group, the trends were divergent. Compared to 2019, revenues from excises on alcohol increased the most, as much as 28.6%, then revenues from excises on non-alcoholic beverages increased by 12.6%, while revenues from excises on beer and wine were below the collection in 2019, by 2.3 % and 1.8% respectively (Chart 32, right).

Analysis of foreign trade exchange for 2023

(Author: Mirjana Popović, expert advisor – macroeconomist)

Summary

The analysis of foreign trade exchange for 2023 is a continuation of the analyses published in previous issues of the Unit's bulletin. The focus of the analysis is the annual movement of imports and exports in Bosnia and Herzegovina (hereinafter: B&H) in 2023 compared to the previous two years: 2022 and 2021¹³. The analysis shows trends in total annual foreign trade, trends in annual trade according to foreign trade regions, divided into developed countries (EU¹⁴, EFTA¹⁵ and other developed countries¹⁶) and developing countries (CEFTA¹⁷, developing European countries, Asian developing countries and other developing countries¹⁸), as well as annual movements in exchange according to the most important foreign trade partners and annual movements in exchange according to the type of product.

1. Annual trends in foreign trade exchange

Given that the movement, volume and structure of trade are of great importance for the country and depend on various factors, the epidemiological situation in the country and the surrounding area was the main determinant of the movement of B&H's foreign trade during the period of the Covid-19 shock, i.e. in 2020. It was followed by broken supply chains and slowed economic growth. As this shock broke the continuity in all fields of economic development, the analysis did not show a multi-year time series of foreign trade exchange that would include this year.

By improving economic activity in 2021 and remediating the global economic consequences after the epidemic, the foreign trade exchange of B&H also improved. The same year was a year of recovery and stabilization of economic trends. Thus, compared to 2021, the 2023 recorded an increase in the volume of foreign trade exchange. From the financial aspect, the increase in prices that occurred during 2022 and maintained the price level during 2023, i.e. high inflation rates, caused an increase in the volume of exchange. The level of growth in the volume of exchange should be linked to the rise in prices, not to the increase in physical exports and imports.

The beginning of the war between Russia and Ukraine at the end of February 2022, caused an increase in the prices of goods and services (especially energy) on the world market. This resulted in an increase in the value of foreign trade exchange in B&H in the same year. Although there was a stabilization of the disturbance from the beginning of 2022, in 2023 a decrease in the volume of foreign trade was recorded in comparison to the previous year. This is the result of a decrease in demand and a decline in economic activities at the level of the EU, which is a key partner of the B&H economy. Factors such as the deterioration of the international environment, geopolitical tensions, reduced demand for energy products due to rising prices, green transition, monetary tightening and others, influenced the reduction of imports and exports. Data on the country's foreign trade for 2023 show that imports are still significantly higher than exports.

¹³ Due to the emergence of the Covid-19 pandemic as well as the measures introduced to combat the spread of the virus, 2020 is not relevant for comparison.

¹⁴ 27 member states of the European Union

¹⁵ Switzerland, Norway, Iceland and Liechtenstein (European Free Trade Association)

¹⁶ Australia, Japan, Canada, USA, Turkey, United Kingdom and others

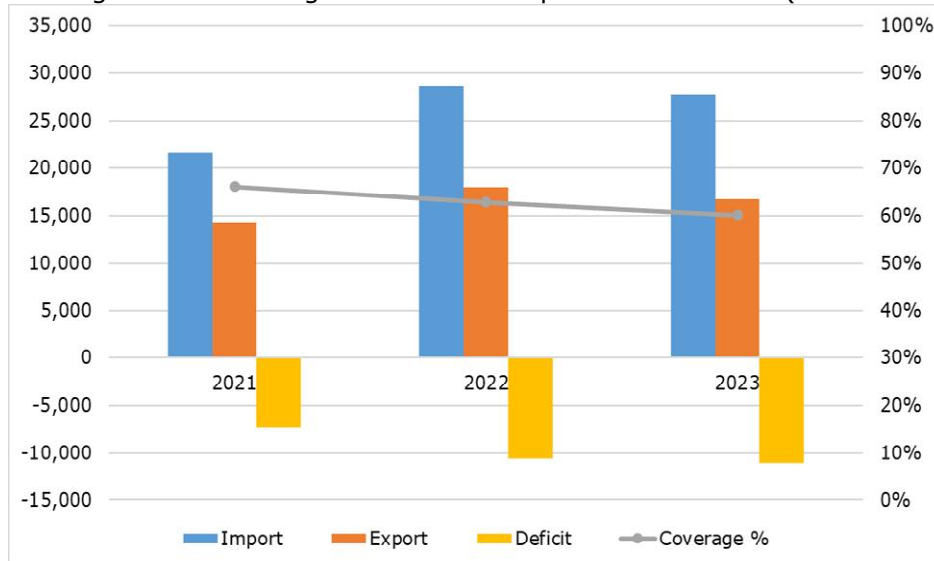
¹⁷ Albania, Montenegro, North Macedonia, Moldova, Serbia, UNMIK/Kosovo (Agreement on free trade of the countries of Central Europe which also includes Bosnia and Herzegovina)

¹⁸ African and American developing countries

Foreign trade was also affected by the high reference year of 2022, when market imbalances and an artificial increase in demand on the energy market occurred. By bringing the market of energy products into a realistic framework, i.e. stabilization, there was a decrease in demand, which resulted in a decrease in total exports in 2023.

Chart one shows the annual trend of goods exchange between B&H and abroad for the period 2021-2023. The values of imports, exports and realized deficit are shown in millions of BAM (left vertical scale), as well as the participation in the coverage of imports by exports (right vertical scale) for the specified period.

Chart 1. Foreign trade exchange of B&H for the period 2021-2023 (in millions of BAM)



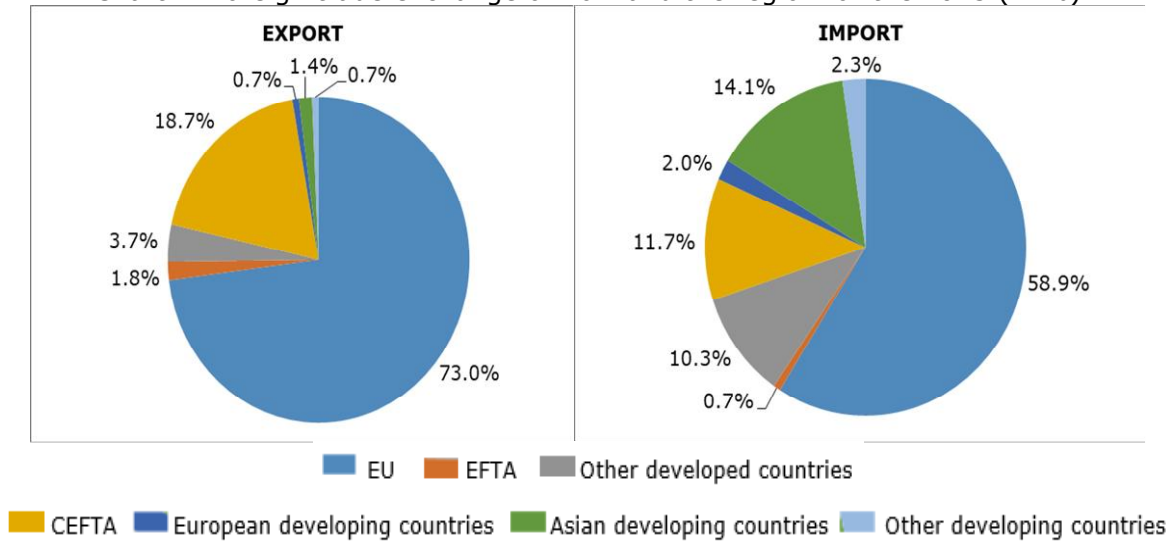
Source: Agency for Statistics of B&H, MAU review

The chart shows that in 2023 there was a certain decrease in exports, but there was also a decrease in imports compared to the previous year. In 2023, imports are lower by 3.0%, while exports are lower by 7.1% compared to 2022. Compared to 2021, imports in 2023 are higher by 28.6%, and exports by 17.0%. The coverage of imports by exports in 2023 at the annual level is 60.1% and is lower by 2.6 p.p., while the foreign trade deficit is higher by 3.8% compared to 2022. Considering the constant increase in the prices of goods and services on the world market, as well as the fact that B&H imports more than it exports, the country's foreign trade deficit is increasing.

2. Foreign trade exchange of B&H in 2023 according to the main regions

Within the structure of B&H's foreign trade exchange with the main regions, in 2023 there was a redistribution. Chart two shows the percentage of participation of the main regions in foreign trade exchange with B&H in 2023.

Chart 2. Foreign trade exchange of B&H and the region for the 2023 (in %)



Source: Agency for Statistics of B&H, MAU review

Foreign trade exchange of B&H and developed countries:

- The EU, as the main partner of B&H in foreign trade, participates with 73.0% of exports and 58.9% of imports in 2023. Exports to EU countries in 2023 are lower by 7.9%, while imports are higher by 0.5% compared to 2022. Compared to 2021, exports are higher by 17.2% and imports by 28.6%. The coverage of imports by exports in 2023 is 74.4%, which is 6.7 p.p. less compared to the coverage of imports by exports in 2022. Trade with EU countries has decreased due to the fact that economic activity has decreased in a large number of EU countries' economies as a result of various crises. However, considering the serious declines in economic activity at the EU level, maintaining foreign trade exchange with the EU at the level of previous years is a great result for B&H.
- In 2023, EFTA countries participate in trade with B&H with 1.8% of exports and 0.7% of imports. Exports are lower by 6.1% and imports are higher by 3.0% compared to 2022, while compared to 2021, exports are lower by 22.5% and imports are higher by 15.6%. Coverage of imports by exports is 148.1%, which is 14.2 p.p. less compared to the coverage of imports by exports in the previous year.
- Other developed countries that are not EU member countries and EFTA member countries will participate in trade with B&H in 2023 with 3.7% of exports and 10.3% of imports. Compared to 2022 exports from B&H to other developed countries are higher by 0.2% while imports from these countries to B&H are lower by 6.7%. Compared to 2021, exports are lower by 4.2% and imports are higher by 28.3%. Coverage of exports by imports in 2023 is 21.6%, which is 1.5 p.p. greater in relation to the coverage of imports by exports in 2022.

Foreign trade exchange of B&H and developing countries:

- The CEFTA countries, of which Serbia, Montenegro and North Macedonia have the largest participation in trade with B&H, participate with 18.7% of exports and 11.7% of imports in 2023. Compared to 2022, exports are lower by 5.5% and imports by 7.9%, while compared to 2021, exports are higher by 29.7% and imports by 17.3%. Coverage of imports by exports is 96.3%, which is 2.4 p.p. higher than in 2022.

- With other developing European countries, of which the largest foreign trade exchange refers to the country's goods exchange with Russia (84.7% of exports and 84.4% of imports from the total exchange with this group of countries), B&H participated with 0.7% of exports and 2.0% of imports in 2023. Exports from B&H to other developing European countries are lower by 0.8%, and imports by 33.4% compared to 2022, while compared to 2021, exports are lower by 1.2% and imports by 22.3%. Coverage of imports by exports is 22.0%, which is 7.2 p.p. less compared to the coverage of imports by exports in 2022.
- In the exchange of goods with a group of developing Asian countries, of which China is the largest participant in the exchange, B&H achieved 1.4% of exports and 14.1% of imports in 2023. Of the total realized imports from this group of countries, 67.4% refers to imports from China. Compared to 2022, exports are lower by 4.0%, imports by 2.8%, while compared to 2021, exports are higher by 35.2% and imports are higher by 50.1%. The coverage of imports by exports in 2023 is 6.1%, which is 0.1 p.p. less compared to the coverage of imports by exports in 2022.
- Other developing African and American countries participate in trade with B&H with 0.7% of exports and 2.3% of imports in 2023. Exports from B&H to these countries are lower by 16.0%, while imports are lower by 11.6% compared to 2022. Compared to 2021, exports to these countries are 19.0% lower and imports are 62.2% higher. Coverage of imports by exports in 2023 is 19.1%, which is 1.0 p.p. less compared to 2022.

3. Foreign trade exchange of B&H according to the most important partners

Table one shows the participation in exports according to the ten most important export partners of B&H in the last three years. The table also shows the percentage of increase/decrease in exports in 2023, compared to the previous two years.

Table 1. B&H exports by partners for the period 2021-2023 (in %)

BH EXPORT (% of participation)						
No.	Country	2023	2022	2021	change in relation to 2022 (%)	change in relation to 2021 (%)
1	Germany	16.1	14.8	15.0	0.5	25.4
2	Croatia	15.3	14.9	13.0	-4.8	36.9
3	Serbia	12.5	13.1	12.1	-11.7	21.2
4	Austria	10.3	9.5	9.0	0.3	33.5
5	Italy	8.7	11.1	11.3	-27.2	-9.9
6	Slovenia	8.1	7.9	8.5	-4.6	11.2
7	Montenegro	4.1	3.2	2.8	19.7	75.2
8	the Netherlands	2.5	2.3	2.5	-1.2	15.9
9	France	2.0	2.2	2.3	-13.6	0.7
10	Hungary	1.7	2.0	1.9	-19.1	9.2
	other countries	18.8	18.9	21.6	-7.9	1.5
	total	100.0	100.0	100.0		

Source: Agency for Statistics of B&H, MAU review

The most important export partner of B&H, i.e. the country to which B&H exported the most in 2023, is Germany 16.1%, which is also the largest export partner from the EU region, followed by exports to Croatia 15.3% and Austria 10.3 % of the country's total exports. From the group of

member countries of the CEFTA region, B&H exported the most to Serbia 12.5% of the country's total exports, while the countries of the EFTA region are not among the ten largest B&H exporters in 2023.

In addition to the participation of the countries to which B&H exported the most in the observed three years, table one also shows the percentage of increase/decrease in exports in 2023 compared to 2022 and 2021. The indicators shown in the table indicate a decrease in exports to the markets of B&H's main trading partners in 2023 compared to 2022, while compared to 2021, the country recorded an increase in exports to most of its main export partners.

Compared to 2022, exports to Italy -27.2%, Hungary -19.1%, France -13.6% and Serbia -11.7% decreased the most, while on the other hand, the only significant increase in exports was recorded in Montenegro 19.7%. Compared to 2021, B&H recorded an increase in exports with most of its main export partners, of which the largest increase was recorded in Montenegro by 75.2%. Higher growth of B&H exports was also recorded to Croatia 36.9%, Austria 33.5%, Germany 25.4% and Serbia 21.2%. Italy is the only country from the group of countries shown in the table which recorded a decrease in exports in 2023 compared to 2021 (-9.9%).

Table two shows the participation in imports according to the ten most important import partners of B&H in the last three years. The table also shows the percentage of increase/decrease in imports in 2023, compared to the previous two years.

Table 2. B&H imports by partners for the period 2021-2023 (in %)

BH IMPORT (% of participation)						
No.	Country	2023	2022	2021	change in relation to 2022 (%)	change in relation to 2021 (%)
1	Italy	13.9	12.4	12.0	9.3	48.9
2	Germany	12.0	10.5	11.9	11.5	30.0
3	Serbia	10.2	10.7	11.2	-7.4	16.6
4	China	9.5	8.1	7.9	13.0	54.4
5	Croatia	7.5	9.9	8.9	-26.4	9.0
6	Turkey	5.5	5.8	5.9	-8.0	21.4
7	Slovenia	3.9	3.9	4.6	-3.5	9.1
8	Austria	3.6	3.5	3.8	-0.6	21.1
9	Poland	3.1	2.7	2.9	10.7	41.3
10	USA	2.8	3.3	2.5	-17.1	47.8
	other countries	27.8	29.1	28.5	-7.3	25.8
	total	100.0	100.0	100.0		

Source: Agency for Statistics of B&H, MAU review

The most important import partners of B&H in 2023 are Italy (which participates with 13.9% in total imports) and Germany (which participates with 12.0% in total imports). At the same time they are also the largest import partners of B&H from the EU. In the same period, B&H imported from Serbia 10.2% (the significant partner from the group of member countries of the CEFTA region), while China with 9.5% share of imports is the largest import partner from the group of developing Asian countries.

In addition to the participation of the countries from which B&H imported the most in the observed three years, table two also shows the percentage of increase/decrease in imports in 2023

compared to 2022 and 2021. The highest growth in imports was recorded from China 13.0%, Germany 11.5%, Poland 10.7% and Italy 9.3%. In previous years, Poland was not among the ten most important import partners of B&H, however, we are witnessing an increasing number of products of Polish origin, i.e. Polish brands on the market of B&H. This European country knocked India out of the list of the ten most important import partners of the country, from which imports were twice as large in 2022. In addition to the drop in imports from India, compared to 2022, there was also a drop in imports from Croatia -26.4%, USA -17.1%, Turkey -8.0%, Serbia -7.4%, as well as other countries the largest import partners. In comparison with 2021, B&H in 2023 records an increase in imports from all countries. The largest increase in imports was recorded from China 54.4%, Italy 48.9%, the United States of America 47.8%, Poland 41.3% and other countries.

4. Foreign trade exchange of B&H by type of product for 2023

Table three shows the share in exports according to the ten most important product groups in the last three years. Also, the table shows the percentage increase/decrease in the export of certain types of goods in 2023 compared to the previous two years.

Table 3. B&H exports by product groups for the period 2021-2023 (in %)

EXPORT (% of participation)							
No.	code	Code description	2023	2022	2021	change in relation to 2022 (%)	change in relation to 2021 (%)
1	27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	9.5	9.9	8.6	-10.7	30.0
2	85	Electrical machinery and equipment and parts thereof; sound recording or reproducing apparatus; television sets, etc.	8.5	7.3	7.6	9.1	30.8
3	84	Nuclear reactors, boilers, machinery, apparatus and mechanical appliances; their parts	7.9	6.6	6.7	11.6	37.9
4	94	Furniture; bed equipment and like products; lamps and other lighting fixtures	7.8	7.8	8.8	-6.6	4.6
5	73	Iron and steel products	7.3	7.5	7.2	-8.8	19.1
6	44	Wood and wood products; charcoal	5.9	6.5	6.8	-16.7	0.9
7	76	Aluminum and aluminum products	5.1	8.8	6.6	-45.7	-8.8
8	28	Inorganic chemical products; organic and inorganic compounds of precious metals, radioactive elements, etc.	5.0	5.4	4.6	-14.1	27.7
9	64	Footwear, slippers and the like; parts of these products	4.9	4.7	4.9	-3.2	17.0
10	39	Plastics and plastic products	4.7	4.5	4.6	-3.5	19.7
I		Total (1 to 10)	66.7	68.9	66.3	-10.1	17.7
II		Other products	33.3	31.1	33.7	-0.3	15.7
		TOTAL (I + II)	100.0	100.0	100.0		

Source: Agency for Statistics of B&H, MAU review

Among the ten most important export groups of products in 2023, only two product groups achieved an increase in exports compared to the previous year: the product group code number 84 - Nuclear reactors, boilers, machines and devices achieved an 11.6% higher export, while the group of products of code number 85 - Electrical machines and equipment, exports increased by

9.1%. The largest decrease in exports in 2023 compared to exports in 2022 was recorded in product group 76 - Aluminum and aluminum products -45.7%, followed by a decrease in exports recorded in product group 44 - Wood and wood products -16.7%, 28 - Inorganic chemical products -14.1%, 27 - Mineral fuels, mineral oils and products of their distillation -10.7%, as well as other groups of products shown in table three.

Compared to the export data from 2021, only one group of products code number 76 - Aluminum and aluminum products recorded a decrease in exports by -8.8% in 2023. The remaining product groups shown in the table achieved an increase in exports. The highest growth in exports per product group was achieved by B&H when exporting products coded 84 - Nuclear reactors, boilers, machines and devices 37.9%, 85 - Electrical machines and equipment 30.8 %, 27 - Mineral fuels, mineral oils and products of their distillation 30.0%, 28 - Inorganic chemical products 27.7%, as well as when exporting other groups of products presented in the table.

Table four shows the share in imports according to the ten most important product groups in the last three years. Also, the table shows the percentage of increase/decrease in the import of certain types of goods in 2023 compared to the previous two years.

Table 4. B&H imports by product groups for the period 2021-2023 (in %)

IMPORT (% of participation)							
No.	code	Code description	2023	2022	2021	change in relation to 2022 (%)	change in relation to 2021 (%)
1	27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	13.2	16.6	11.9	-22.5	42.4
2	84	Nuclear reactors, boilers, machinery, apparatus and mechanical appliances; their parts	8.6	7.2	7.8	16.4	41.2
3	87	Vehicles other than railway or tramway rolling-stock and parts and accessories thereof	7.5	5.4	6.2	33.6	55.0
4	85	Electrical machinery and equipment and parts thereof; sound recording or reproducing apparatus; television sets, etc.	6.9	5.8	5.9	16.1	50.6
5	39	Plastics and plastic products	5.2	5.6	6.2	-10.3	6.5
6	72	Iron and steel	3.8	4.6	4.5	-19.6	9.2
7	76	Aluminum and aluminum products	3.2	5.4	3.9	-43.6	3.1
8	30	Pharmaceutical products	3.1	2.7	3.6	10.5	10.3
9	73	Iron and steel products	2.9	2.7	3.0	3.7	20.5
10	74	Copper and copper products	2.0	1.7	1.9	14.7	38.6
I		Total (1 to 10)	56.4	57.7	55.1	-5.2	31.5
II		Other products	43.6	42.3	44.9	-0.1	25.0
		TOTAL (I + II)	100.0	100.0	100.0		

Source: Agency for Statistics of B&H, MAU review

Among the ten most important import groups of products shown in table four, the largest increase in imports in 2023 compared to the previous year was achieved in the product group code number 87 - Vehicles, except railway and tram vehicles and their parts 33.6%. Significant growth in imports was also achieved by product groups 84 - Nuclear reactors, boilers, machines and devices 16.4%, 85 - Electrical machines and equipment 16.1%, 74 - Copper and copper products 14.7%, as well as the product group code marks 30- Pharmaceutical products 10.5%. The largest decrease in imports compared to 2022 was recorded in the group of products code number 76 -

Aluminum and aluminum products -43.6%, 27 - Mineral fuels, mineral oils and products of their distillation -22.5%, 72 - Iron and steel -19.6%, 39 - Plastics and products from plastic -10.3%, as well as other product groups.

Compared to 2021, all product groups shown in the table achieved an increase in 2023. The largest increase was achieved during the import of products coded 87 - Vehicles, except railway and tram vehicles and their parts 55.0%, 85 - Electrical machines and equipment 50.6%, 27 - Mineral fuels, mineral oils and products of their distillation 42, 4%, 84 - Nuclear reactors, boilers, machines and devices 41.2%. A slightly smaller increase in imports was achieved by other product groups shown in the table.

Archive of bulletins:

http://www.oma.uino.gov.ba/04_objasnjenja.asp?l=e