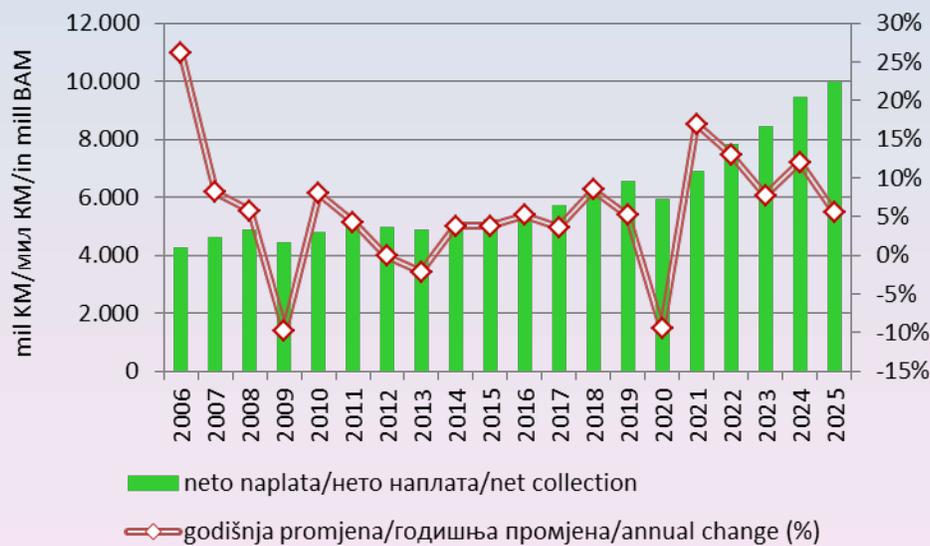




Macroeconomic Unit of the Governing Board of the Indirect Taxation Authority

# ОМЈА Билтен



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## With this issue

According to the cash flow report, in the first two months of 2026, the ITA collected 1.9 billion BAM of gross revenues from indirect taxes, or 4.7% more than in the same period in 2025. The net collection amounted to 1.5 billion BAM, which is 7.1% more than for the first two months of 2025. The analysis of the monthly collection shows that in absolute terms, the net collection in January and February 2025 was nearly identical to monthly net collection in the same months in 2024 (Chart 1). In January 2026, the same trend from the previous two years continued, but in February a strong growth of 14.1% was achieved compared to February 2025.

Chart 1

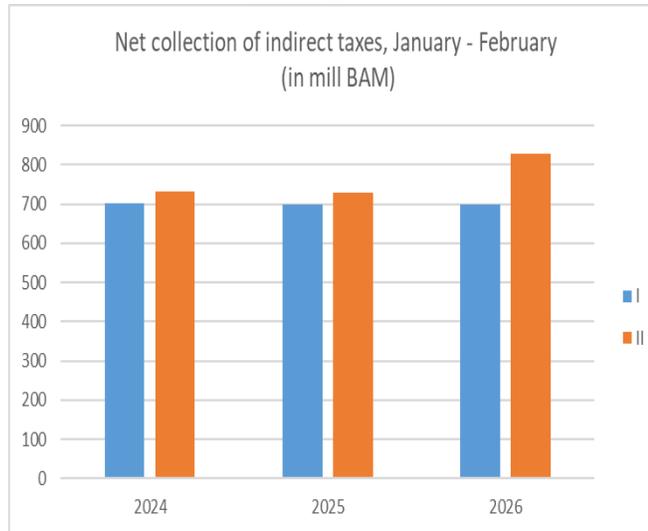
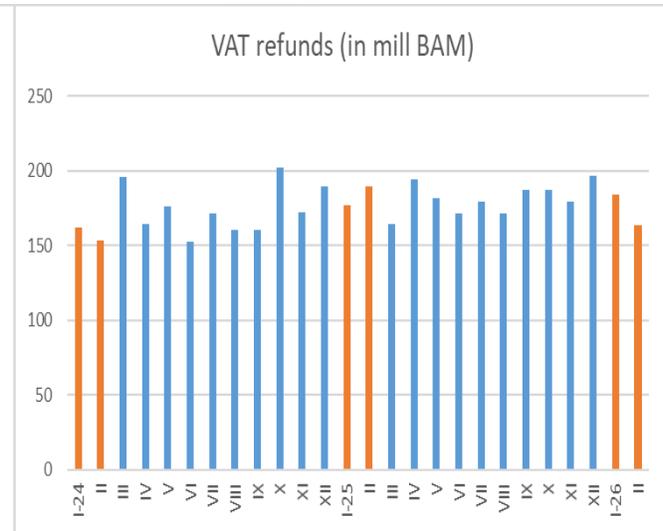


Chart 2



The high rate of growth of net collection in February was the result of the cumulative positive effect of the increase in gross collection in February of 8.6% and the strong decrease in refund payments of -12.6% (Chart 2). The decrease in refund payments in February was a consequence of worsening trends in B&H's foreign trade in January 2026. Due to the legal deadlines for VAT refund payments to exporters, the -1.5% drop in exports in January led to a decrease in refund payments in February 2026, while a large decrease in imports in January of -15.6%, due to longer legal deadlines for refunds to other taxpayers, will lead to a decrease in refunds payments in March and April 2026.

Dinka Antić, PhD  
Head of Unit

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## Collection of revenues from indirect taxes in 2025

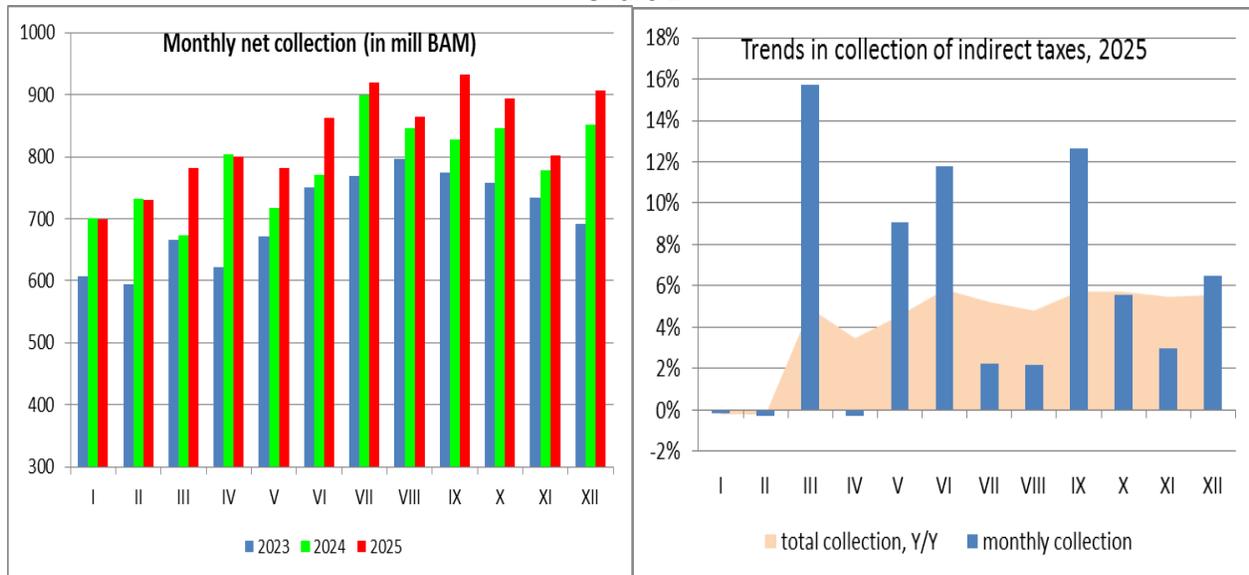
(Dinka Antić, PhD)

### TOTAL COLLECTION

According to the cash flow report on the Single Account of the ITA, 1.106 billion BAM of gross revenue was collected in December 2025, or 62.4 million BAM more than in December 2024. Refund payments were higher by 7 million BAM, so that the net effects in December amounted to 55.4 million BAM, representing a growth of 6.5%.

An overview of the monthly net collection of indirect taxes in the first half of 2025 indicates the conclusion that in January, February and April the collection was below, and in the other months above the collection in the same months of 2024 (Chart 1, left).

Chart 1



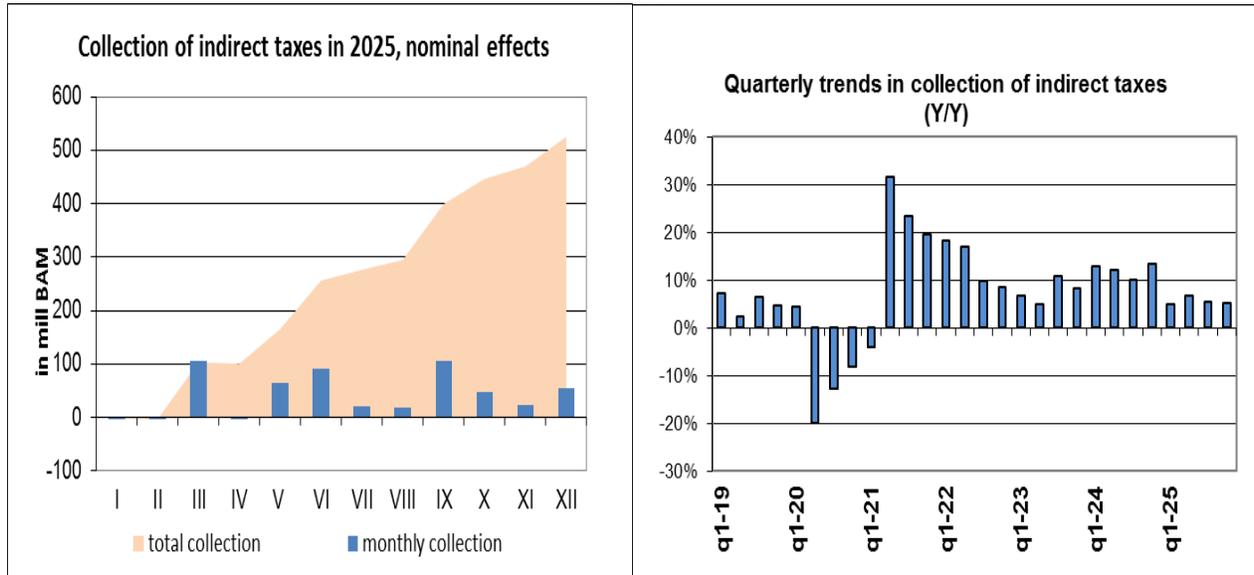
Source: Indirect Taxation Authority of B&H; calculation and presentation of the author

The main feature of the monthly collection of revenue from indirect taxes in 2025 is strong oscillations, with the oscillations being stronger in the first half of the year. In that period, in three months, collection was realized with high growth rates, from 9% to 15.7% in March, which was also the maximum monthly growth rate of the year. There were also two months with negative growth rates of -0.3% (Chart 1, right). The poor start of the year was the result of modest growth in gross collection and high refund payments. Significant positive cumulative effects were achieved only with the increase in net collection in March 2025. After stagnation in April, a sharp growth in the surplus was achieved in May and June. In the second half of the year, the rate range moved in the positive growth zone, from 2.2% in July and August to 12.6% in September. However, already in October, the pace of growth slowed down, which continued in November and December. Monthly oscillations in the collection of indirect taxes were reflected largely in the first half of 2025, while in the second, growth rates were largely stable, except in August, with a narrow range of 0.5 p.p. (Chart 1, right, "total collection"). In the end, at the level of the year, a growth of net collection of revenues from indirect taxes of 5.6% was achieved.

The cumulative net effects of collection in 2025 amounted to 525.3 million KM (Chart 2, left). How strong the collection oscillations were during 2025 is also indicated by the fact that of the total net effects of growth in indirect tax revenues in 2025, as much as 80% was achieved in five months - 20% in March and September, 17% in June, and 12% and 11% in May and December. It can be

concluded from this that minimal net growth was achieved in even seven months, a maximum of 20 million BAM per month.

Chart 2



Source: Indirect Taxation Authority of B&H; calculation and presentation of the author

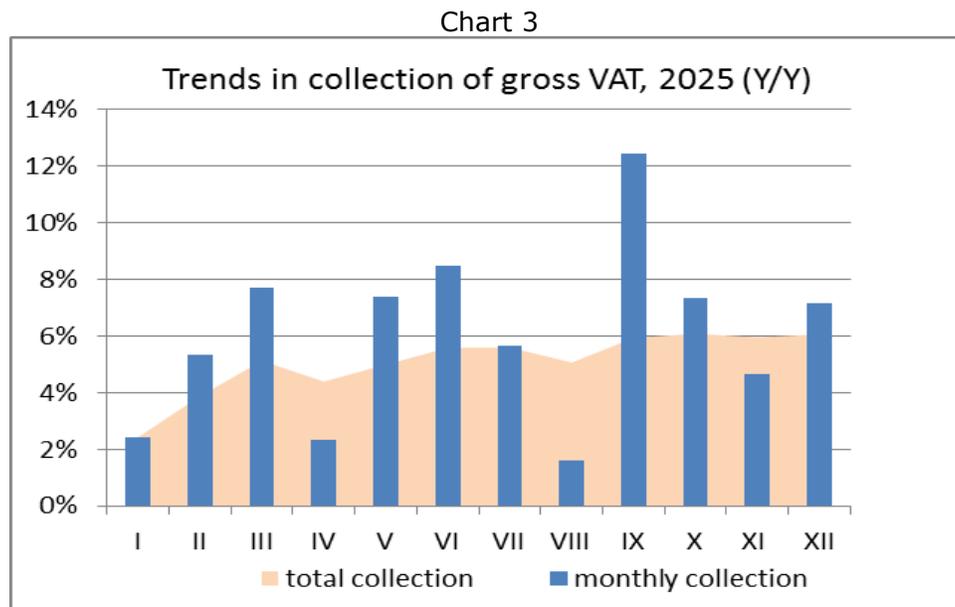
An overview of the quarterly growth rates of indirect tax revenues shows that the positive quarterly growth has been continuous since 2021, when there was a recovery after the drop in revenues caused by the coronavirus pandemic. The war in Ukraine and the world energy crisis have led to a reduction in growth rates. In 2023, a significant amount of revenue from excise duties on tobacco products was lost after the transition to the new payment regime. However, the effect of the lower base from the first half of 2023 resulted in higher quarterly growth rates in 2024, especially in the fourth quarter. The full effect of the recovery of imports and exports in the fourth quarter of 2025 on refund payments was realized at the beginning of 2025, which, along with a modest growth in the gross collection of indirect taxes, resulted in a growth rate of 5% in the first quarter of 2025 (Chart 2, right). This is the lowest quarterly growth rate since 2021. Strong growth in indirect tax collection in May, June and October 2025 brought higher growth rates in the second and third quarters of 2025 of 6.6% and 5.6%, respectively. More modest monthly growth rates in the fourth quarter of 2025, because of a strong drop in collection of excises on tobacco products, resulted in a quarterly growth of 5.1%. The fact is that the quarterly collection growth rates in 2025 have been halved compared to previous years, indicating the return of indirect tax collection to "normal" growth frameworks.

## COLLECTION BY TYPE OF REVENUE

### VAT

#### Gross collection

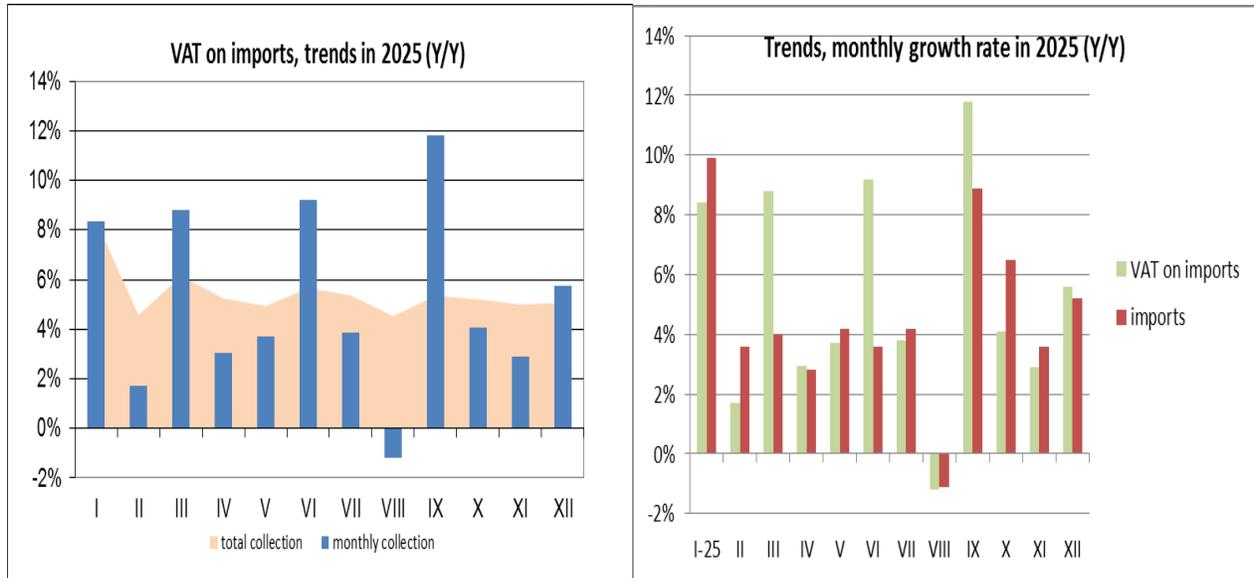
The movement of gross VAT collection in 2025 was cyclical in nature. From the review of the monthly growth rates, a collection pattern of four months can be observed, three with higher growth rates, and then a month with a lower growth rate. The maximum growth rate of 12.5% was achieved in September (Chart 3). Oscillations of the monthly collection did not greatly threaten the stability of the cumulative growth rate, which for the most part of the year moved in a narrow range between 5% and 6%. In the end, a cumulative gross VAT growth rate of 6.1% was achieved at the annual level (Chart 3, "cumulative").



Source: Indirect Taxation Authority of B&H; calculation and presentation of the author

The stability of the gross VAT growth rate largely depends on trends in VAT collection on imports, which has a dominant weight in the gross VAT structure. A strong oscillatory trend in VAT collection on imports is noticeable, with monthly growth rates ranging from -1.2% in August to 11.8% in September (Chart 4, left). A pattern of VAT collection on imports is also noticeable, involving intervals of 2-3 months, with a very high growth rate in one month, and modest growth rates in the other months in the interval. A slight slowdown in the cumulative growth rate was recorded during the year, a total of 1 p.p., as a result of oscillations in monthly collection and poor collection in August. However, growth has stabilized in recent months, so that the cumulative growth rate at the annual level was 5.1% (Chart 4, left, "total collection").

Chart 4

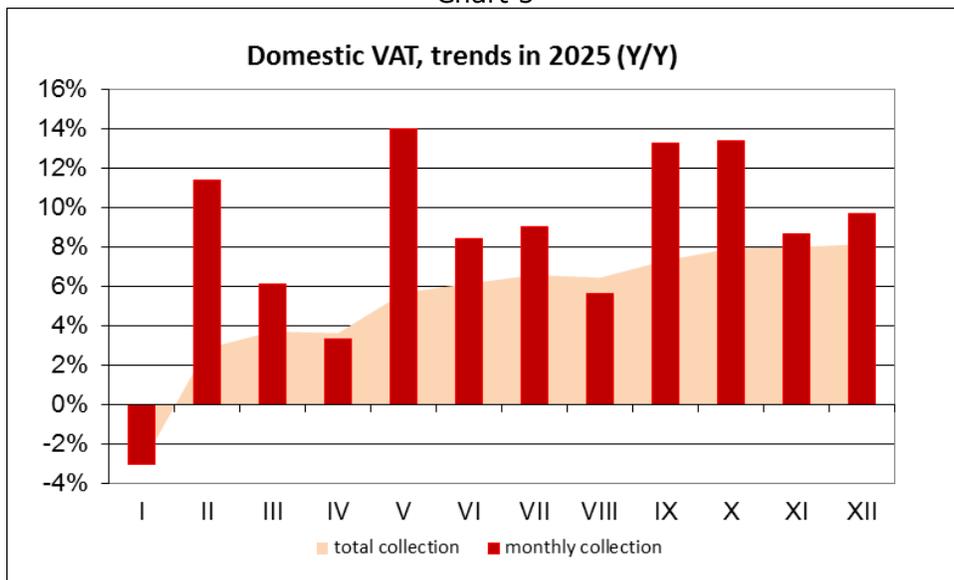


Source: Indirect Taxation Authority of B&H; calculation and presentation of the author

Bearing in mind the connection between import trends and trends in VAT on imports, coordinated trends in monthly growth rates can be observed, except in March, June and September, when the growth rates of VAT on imports significantly exceeded the growth rates of imports (Chart 4, right). At the same time, these are months in which very high growth rates of VAT on imports were achieved.

In contrast to the trends in the collection of VAT on imports, the collection of domestic VAT is subject to minor oscillations, but a cyclical movement of the collection can be noticed. The maximum monthly growth rate of 14% was achieved in May, and in another six months high growth rates of over 8% were achieved (Chart 5). The stabilization of collections since May and high growth rates in the remaining part of the year had a positive effect on the cumulative growth rate, increasing it by a whole 4.6 p.p., from 3.6% to 8.2% (Chart 5, "total collection").

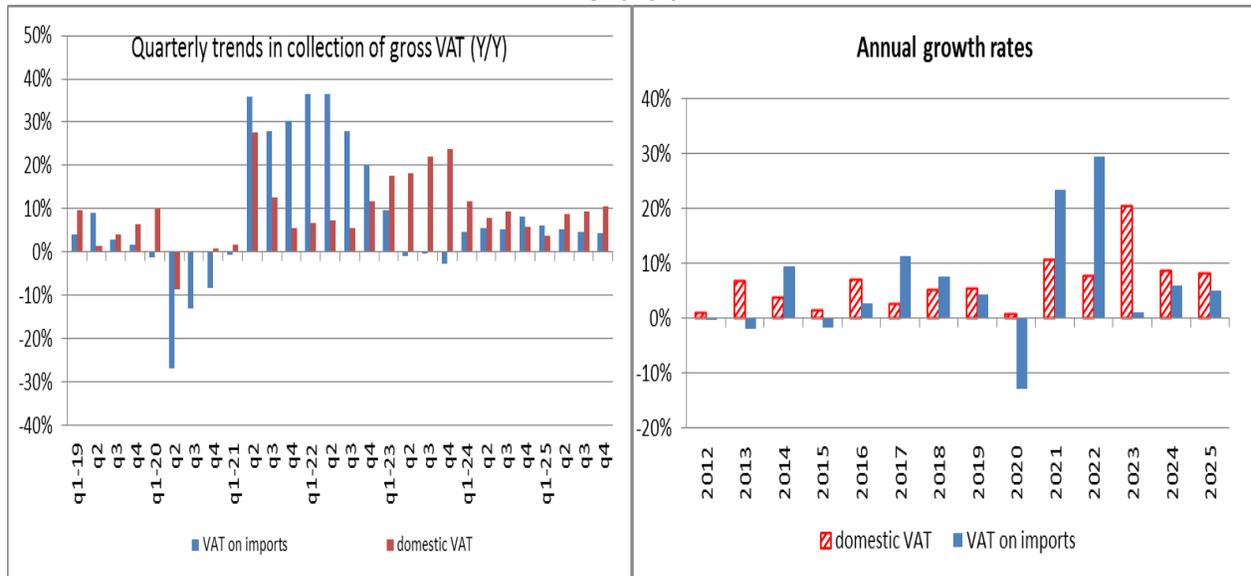
Chart 5



Source: Indirect Taxation Authority of B&H; calculation and presentation of the author

Quarterly comparisons of VAT collection on imports indicate a slightly decreasing growth trend. After a high growth rate in the first quarter of 2025 of 6.1%, a growth of 5.2% was recorded in the second. Even the maximum increase in collection in September could not increase the growth rate due to the drop in collection in August, and in the third quarter a growth rate of 4.8% was recorded. Finally, in the fourth quarter, a growth of 4.3% was achieved due to a more modest increase in the collection of VAT on imports in December (Chart 6, "VAT on imports"). On the other hand, in the collection of domestic VAT, quarterly analyses indicate a growing trend. A worse start in the first quarter of 2025 brought a growth of domestic VAT of 3.7%, but due to high growth rates in the rest of the year, high growth rates of 8.8%, 9.4% and 10.6% were achieved in the second, third and fourth quarters.

Chart 6



Source: Indirect Taxation Authority of B&H; calculation and presentation of the author

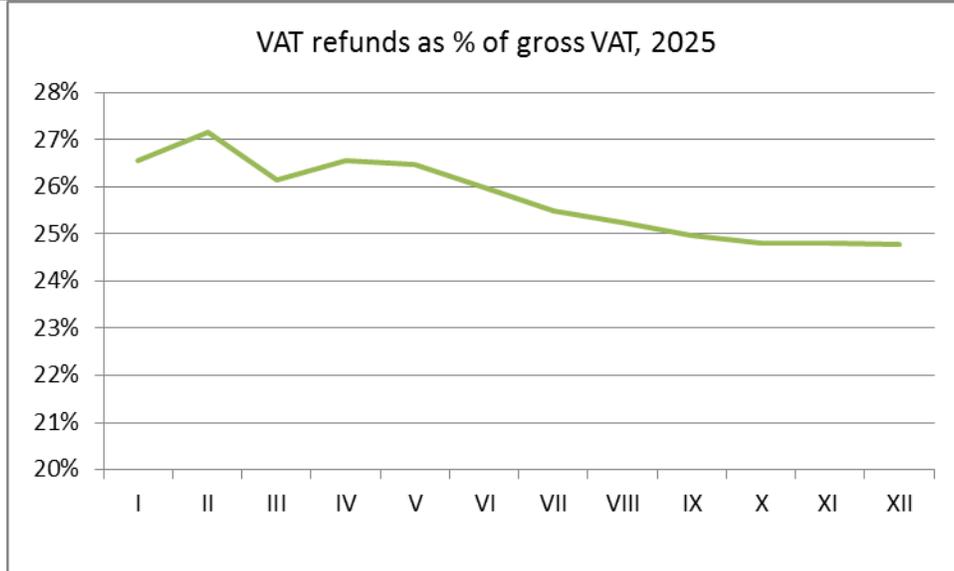
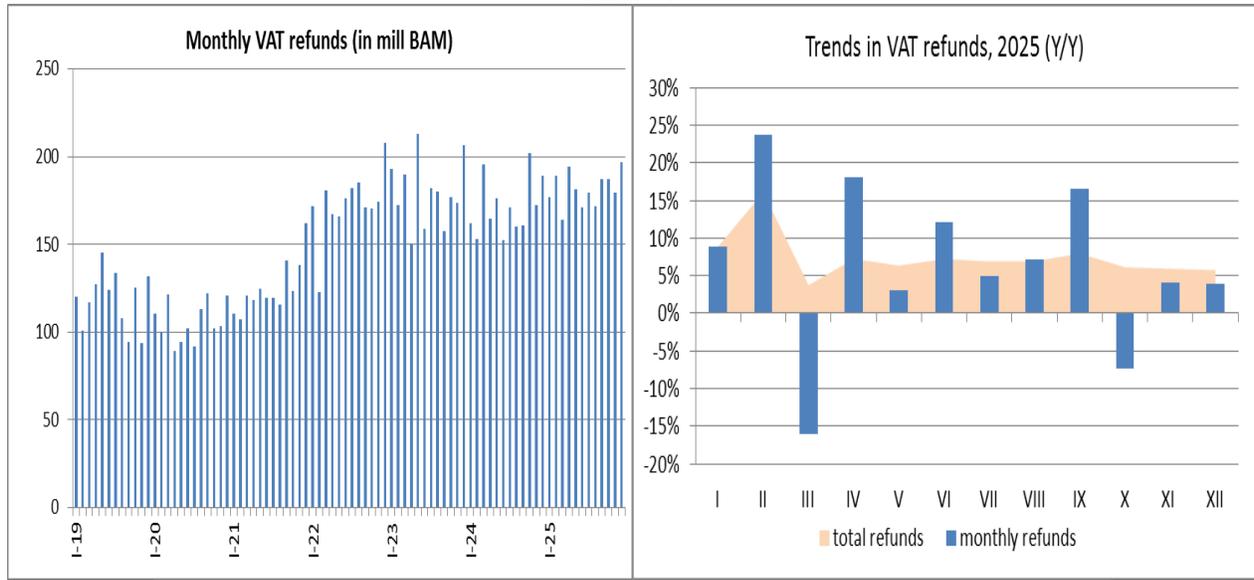
**VAT refunds**

Generally, when looking at refund payments in absolute amounts compared to years before the pandemic and the war in Ukraine, it can be concluded that in the first months of 2025, the trend of very high payments from the second half of 2024 continued (Chart 7, left). In terms of growth rates, the trends were oscillatory, with large scope of growth rate oscillations, ranging from -16.1% in March to +23.7% in February (Chart 7, right). In 2025, the reductions of refund payments were recorded only in February and October. The fall in refund payments in October was a consequence of the enormously high base from October 2024. The poor growth in payments during the year led to a decrease in cumulative growth to 5.8%, which is the lowest level since March 2025 (Chart 7, right, "total refunds").

Despite the growth in refund payments in absolute terms, their share in gross VAT has been steadily declining, from a maximum of 27% in February to 24.8% in October 2025, and that level remained until the end of the year (Chart 7, below).

From the analysis of the structure of refunds to users, it can be concluded that, when it comes to growth rates, payments to taxpayers were the main reason for increased VAT refund payments. Thus, in 2025, VAT payments to taxpayers grew by 5.1%, and to international projects by 9.2%. In absolute terms, in the mentioned period, compared to the same period in 2024, more refunds were returned to taxpayers in the amount of 99.4 million BAM, and to international projects in the amount of 10 million BAM.

Chart 7



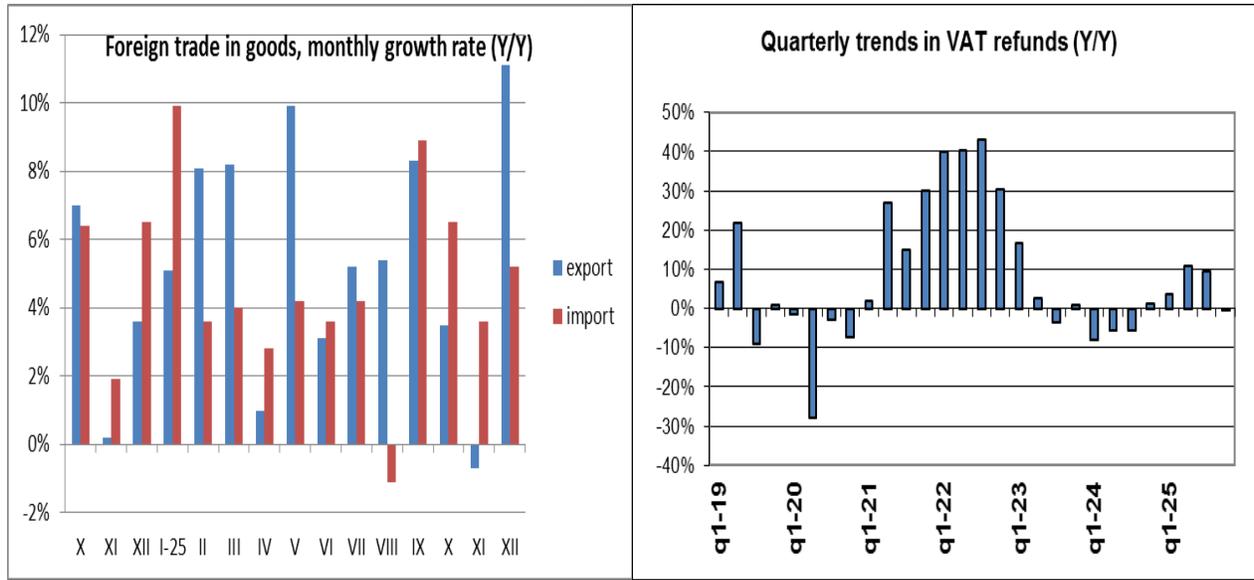
Source: Indirect Taxation Authority of B&H; calculation and presentation of the author

The decrease in refund payments in March can be linked to the high base from March 2024, while the increased refund payments in the remaining months of 2025 are a consequence of the recovery of exports and imports in the last quarter of 2024 and during 2025 (Chart 8, left). The effects of the high growth of imports and exports in December 2025, due to the legal deadlines<sup>1</sup> for refund payments, will be reflected in the collection in January and February 2026.

Quarterly comparisons show the impact of the recovery of B&H's foreign trade exchange on refund payments, with a time distance that corresponds to the legal deadlines for refund payments. The high growth of exports and imports in November and December was reflected in the growth rate in the first quarter of 2025, which was 3.8%. In the second and third quarters, growth of 10.8% and 9.4% was achieved, respectively, and in the fourth, due to the decrease in refunds in October, which could not be canceled by the modest growth in November and December, a negative growth of -0.1% was achieved (Chart 8, right).

<sup>1</sup> According to the Law on VAT, refunds are paid to major exporters within 30 days from the submission of the VAT return, (10<sup>th</sup> day of the month), or within 60 days to other taxpayers.

Chart 8

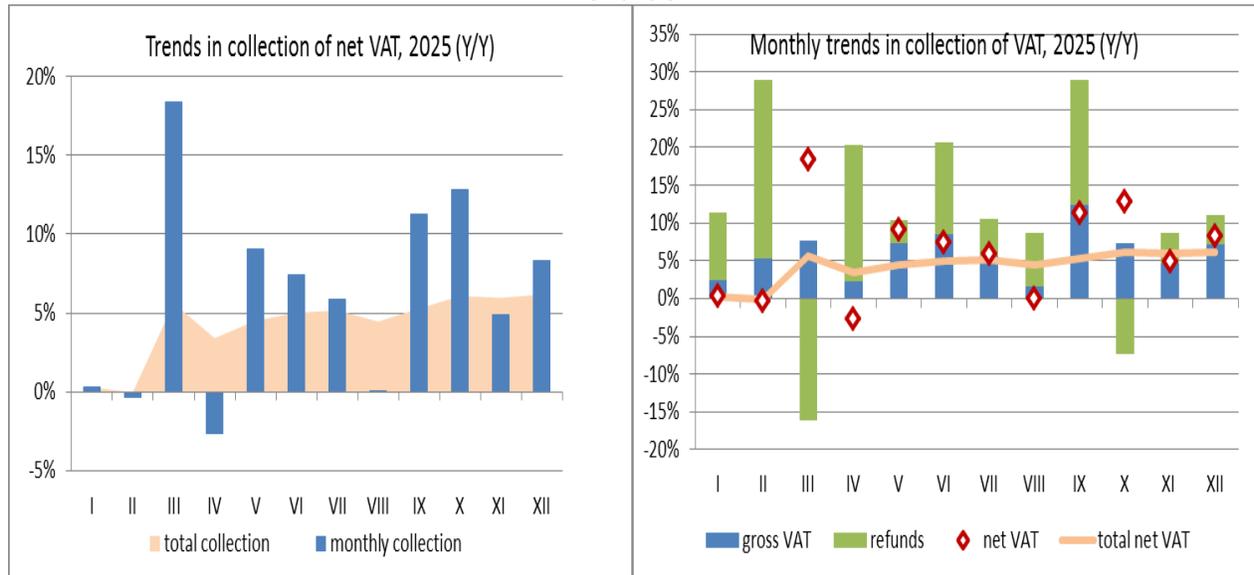


Source: Indirect Taxation Authority of B&H; Agency for Statistics of B&H, calculation and presentation of the author

*Net collection*

In the first two months of 2025, net VAT collection was at the level of collection in the same period in 2024 (Chart 11, left). Monthly collection fluctuated strongly throughout the year, alternating between negative (April) or minimal (August) growth and very high rates in March, September and October. Due to strong monthly oscillations since March, the cumulative growth rate has ranged from 4.5% to 6%. In the last two months, stable growth was recorded, which ultimately stabilized the cumulative growth rate at 6.2% (Chart 9, left, "total collection").

Chart 9



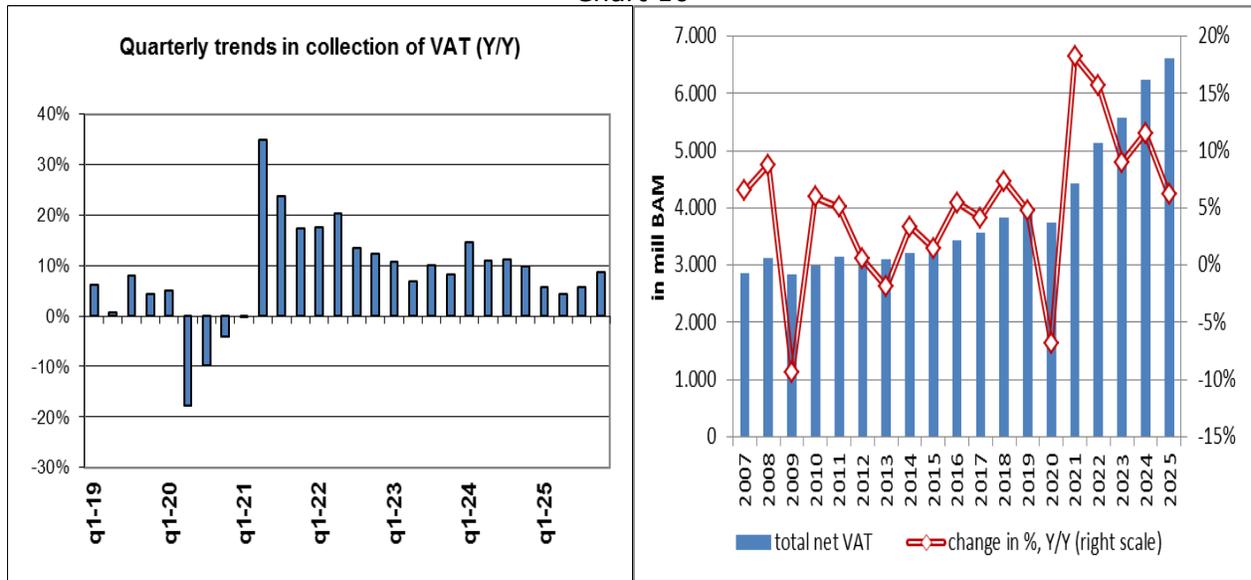
Source: Indirect Taxation Authority of B&H; calculation and presentation of the author

The movement of net VAT is the result of the movement of gross VAT collection and refund payments. An overview of the monthly trends shows only two months (March and October) in which the maximum positive cumulative effect was achieved, which implies a simultaneous increase in gross collection and a decrease in refunds. In the other months, the increase in

refunds reduced the effects of the increase in gross VAT, resulting in lower rates of net VAT (Chart 9, right).

Quarterly comparisons of net VAT in 2025 show a slowdown in the growth of net VAT compared to previous years (Chart 10, left). In the first, second and third quarters, the growth rates were 5.6%, 4.5% and 5.8%, respectively. Strong growth in net collection in October and stable collections in November and December brought a higher growth rate of 8.7% in the fourth quarter of 2025.

Chart 10



Source: Indirect Taxation Authority of B&H; calculation and presentation of the author

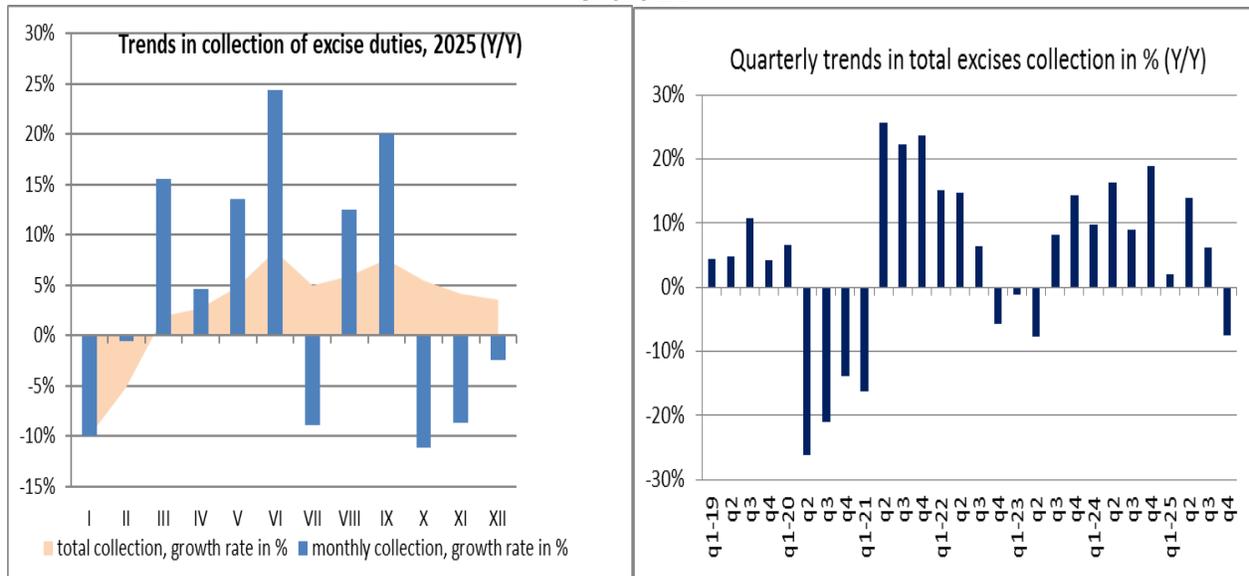
An overview of the annual VAT collection indicates a sharp increase in collection in the last four years (Chart 10, right), which, to the greatest extent, since VAT is an *ad valorem* tax, was a consequence of the rise in prices of the main commodities on the world market and, consequently, the prices of all goods and services on the domestic market. However, in B&H, additional factors generate a higher price increase than the increase in the prices of input components, and thus the increase in VAT. These are the following factors. Bosnia and Herzegovina is a small market that is shrinking due to the outflow of the population, not enabling the effects of economies of scale on the prices of goods and services, which results in higher prices for the same goods coming from the EU. Second, the monopsony structure of the consumer goods market held by a few large companies makes competition and price reduction impossible. Third, the unfavorable structure of consumption, with a significant share of local goods and services whose demand is price inelastic, contributes to maintaining high prices of goods and services.

The review nevertheless notes that, although the collection of net VAT in the last five years has been very high in absolute terms, the annual growth rates are decreasing from year to year, approaching the "normal" growth rates of consumption and the economy.

## Excise duties

Collection of excise revenue in 2025 fluctuated strongly.<sup>2</sup> Monthly growth rates ranged from -11.2% (October) to +24.3% (June). Negative growth was achieved in six months, and positive growth in the remaining six (Chart 11, left). However, from the monthly trends, a strong deterioration in trends can be observed in the last three months. The cumulative growth rate came out of the negative zone in March. In June, a growth of 8.3% was achieved compared to the collection in the first six months of 2025, which represents the maximum in 2025. However, due to poorer collection in the last three months, the cumulative growth rate fell to 3.5%, representing a decrease of even 4.8 p.p. (Chart 11, left, "total").

Chart 11



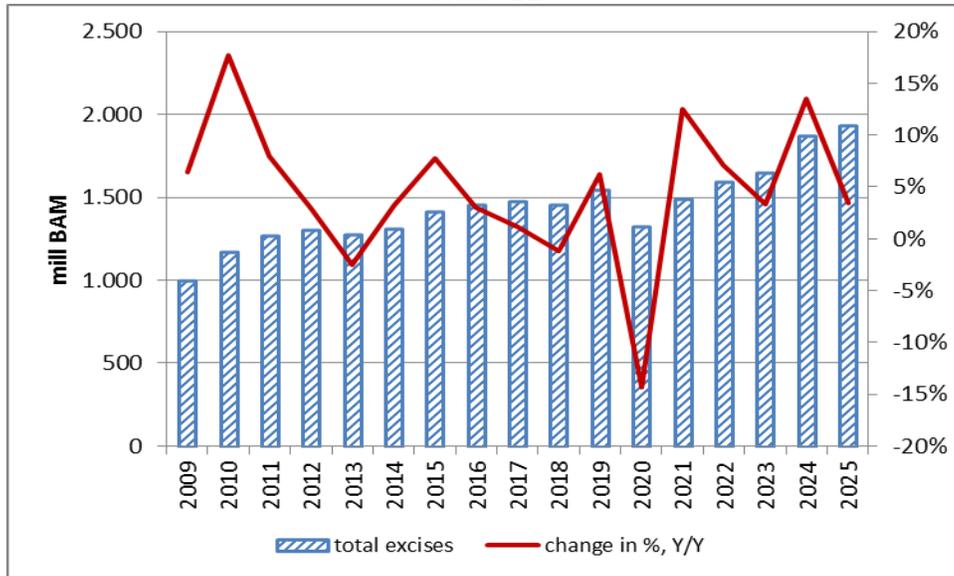
Source: Indirect Taxation Authority of B&H; calculation and presentation of the author

The strong growth of excise revenue in March 2025 canceled the loss from the first two months, and a growth of 1.9% was achieved at the level of the first quarter. Quarterly comparisons show that in the first quarter of 2025, the lowest growth rate in the past six quarters was achieved (Chart 11, right). Positive trends in the second quarter of 2025 resulted in a quarterly growth rate of 13.9%. An overview of the quarterly growth trends shows that the second quarter of 2025, in terms of excise revenue collection, follows the trends that existed from mid-2023 to the end of 2024. However, poor collection of excise duties in July, despite high growth rates in August and September, resulted in a lower growth rate in the third quarter of 2025 of 6.3%. Finally, negative trends in the last three months resulted in a fall in excise duty collection in the fourth quarter of -7.5% after nine consecutive quarters of growth.

In absolute terms, the collection of excise revenue in 2025 is a record since the establishment of the ITA (Chart 12). However, the net effects in relation to 2024 are low compared to the effects of 2024/2023, which can be partly explained by the low base in 2023 due to the loss of revenue from excise duties on tobacco products due to the change in the excise duty payment regime.

<sup>2</sup> More detailed analyses of excise duty collection by types of excise products in 2025 will be published in MAU bulletins during 2026.

Chart 12

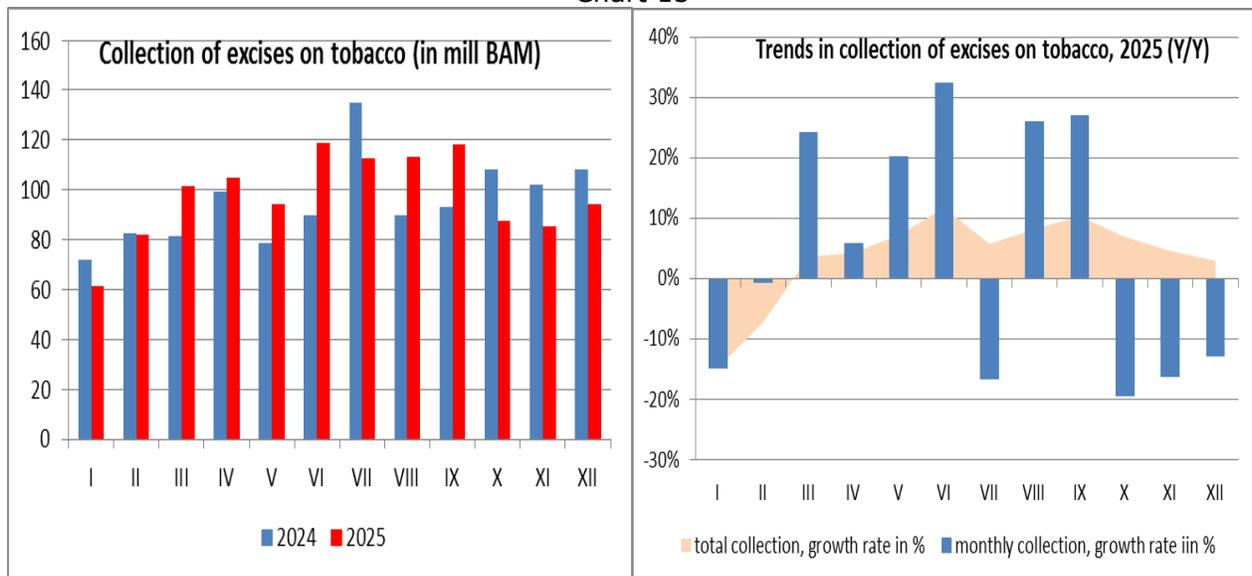


Source: Indirect Taxation Authority of B&H; calculation and presentation of the author

*Excise duties on tobacco products*

The analysis of the structure of excise revenue shows that half of the absolute increase realized in the collection of excise revenue in 2025 compared to the same period in 2024 originates from the collection of excise taxes on tobacco products. Although the absolute increase amounted to 33.7 million BAM, it is far worse than the trend in 2024. Due to the importance of excise duties on tobacco products, the deterioration of trends has also led to the deterioration of trends in the collection of total revenues from excise duties. For illustration, in 2024, the absolute increase of revenue from excise duties on tobacco products amounted to 172 million BAM, representing 77.7% of the total absolute increase in excise duty collection.

Chart 13



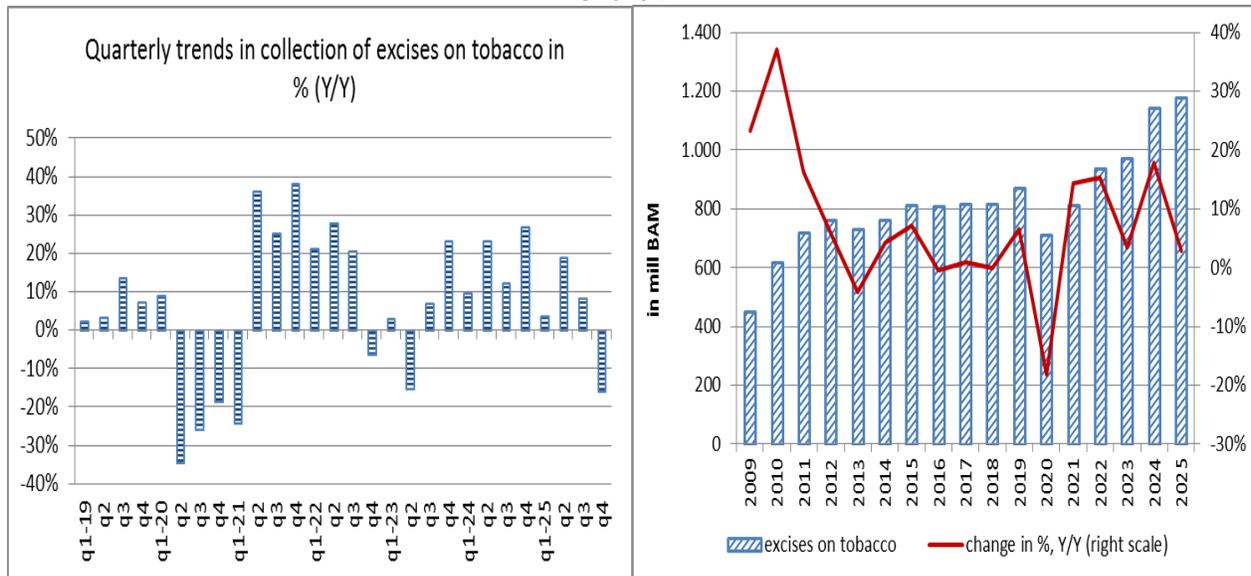
Source: Indirect Taxation Authority of B&H; calculation and presentation of the author

Three periods can be observed from the monthly collection of excise duties on tobacco products. The beginning and end of the year were marked by a decline in excise duty collection, while positive trends were recorded from March to September, with the exception of negative growth in July (Chart 13, left). Only in March did the collection of excise taxes in absolute amount come close to the average monthly level of collection of excise taxes on tobacco products in the last quarter of 2024. The monthly fluctuations in the rate of growth of collected excise taxes were large. Oscillations ranged as much as 51.6 p.p., from -19.3% (October) to +32.3% (June) - (Chart 13, right).

The high growth in excise duty collection in March and the continuation of positive trends until September resulted in an increase in the cumulative rate to 10.4%, but due to the large drop in collection in the last three months, the cumulative growth rate was reduced to only 3%, which is 7.4 p.p. less than in nine months (Chart 13, right, "total").

Three periods in the collection of excise duties on tobacco products can best be seen from the quarterly growth rates. The recovery of excise duty on tobacco products in March resulted in a modest growth rate of 3.6% in the first quarter of 2025 (Chart 14, left). Strong collection growth in May and June brought a high growth rate in the second quarter of 18.8%, and the continuation of favorable trends in July and September resulted in a growth of 8.2% in the third quarter. A sharp deterioration in collections in the fourth quarter brought a drop of -16.1%, which was the first quarter with negative growth after nine consecutive quarters with positive growth.

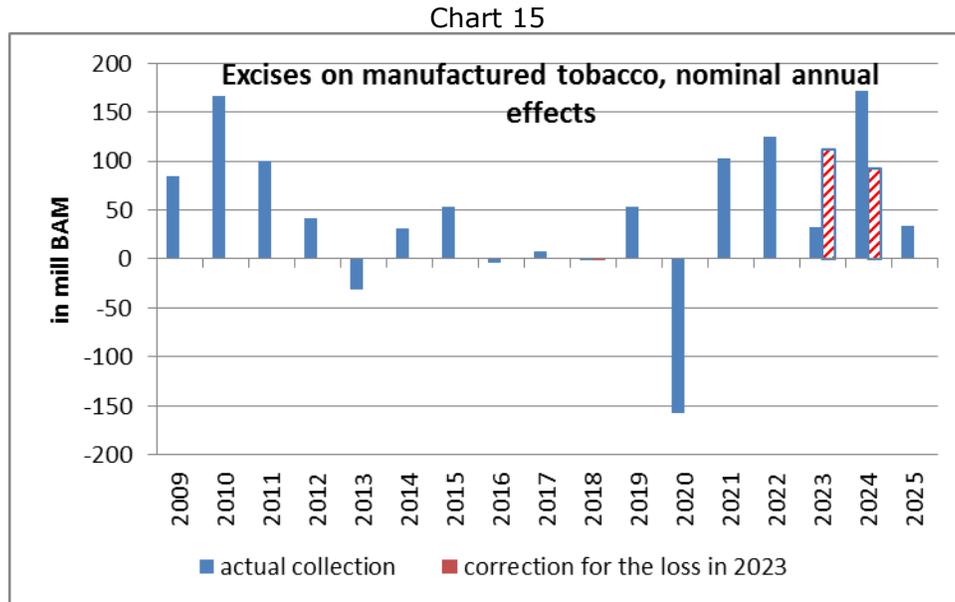
Chart 14



Source: Indirect Taxation Authority of B&H; calculation and presentation of the author

There are several possible reasons for the large drop in excise duty collection in the fourth quarter. The first reason is the effect of the statistical base from 2024. In the fourth quarter of 2024, as much as 28.8% of the total collected excise duties on tobacco products were collected in that year, significantly above the multi-year average for that quarter, which, in addition to the very high collection in absolute amount in that year, gives a very high base for comparison. However, it is necessary to look at the annual trends in the collection of excise taxes on tobacco products. In 2025, a record collection was achieved since the establishment of the ITA, but the net effects, i.e. the absolute increase in revenue compared to the previous year, was low, far below the absolute increases in 2021, 2022 and 2024 (Chart 15). It should be borne in mind that, due to the change in the excise duty payment regime, the absolute increase in 2023 was significantly lower, spilling over into a surplus in 2024. However, even after that correction, the absolute

increase in 2025 was significantly lower than in other post-pandemic years (Chart 15, "correction for the loss in 2023").



Source: Indirect Taxation Authority of B&H; calculation and presentation of the author

Another possible reason for worse collection in 2025 was the unfavorable situation on the market, which led to a change in the sales policy of tobacco companies. It should be borne in mind that only three multinational tobacco corporations hold almost 93% of the cigarette market, and any change in business policies or *ad hoc* business decision according to the current assessment of the market situation by the management of these corporations inevitably affects the total collection of excise duties on tobacco products. There are many factors that can affect the reduction of business plans, such as reduced diaspora consumption, slower growth of tourism and cross-border sales compared to expectations, changes in cigarette prices in neighboring countries, etc. Recently, the factor of substitution of traditional cigarettes consumption with electronic cigarettes and similar tobacco products, which are not covered by the excise policy in B&H, and are therefore more affordable, is also relevant.

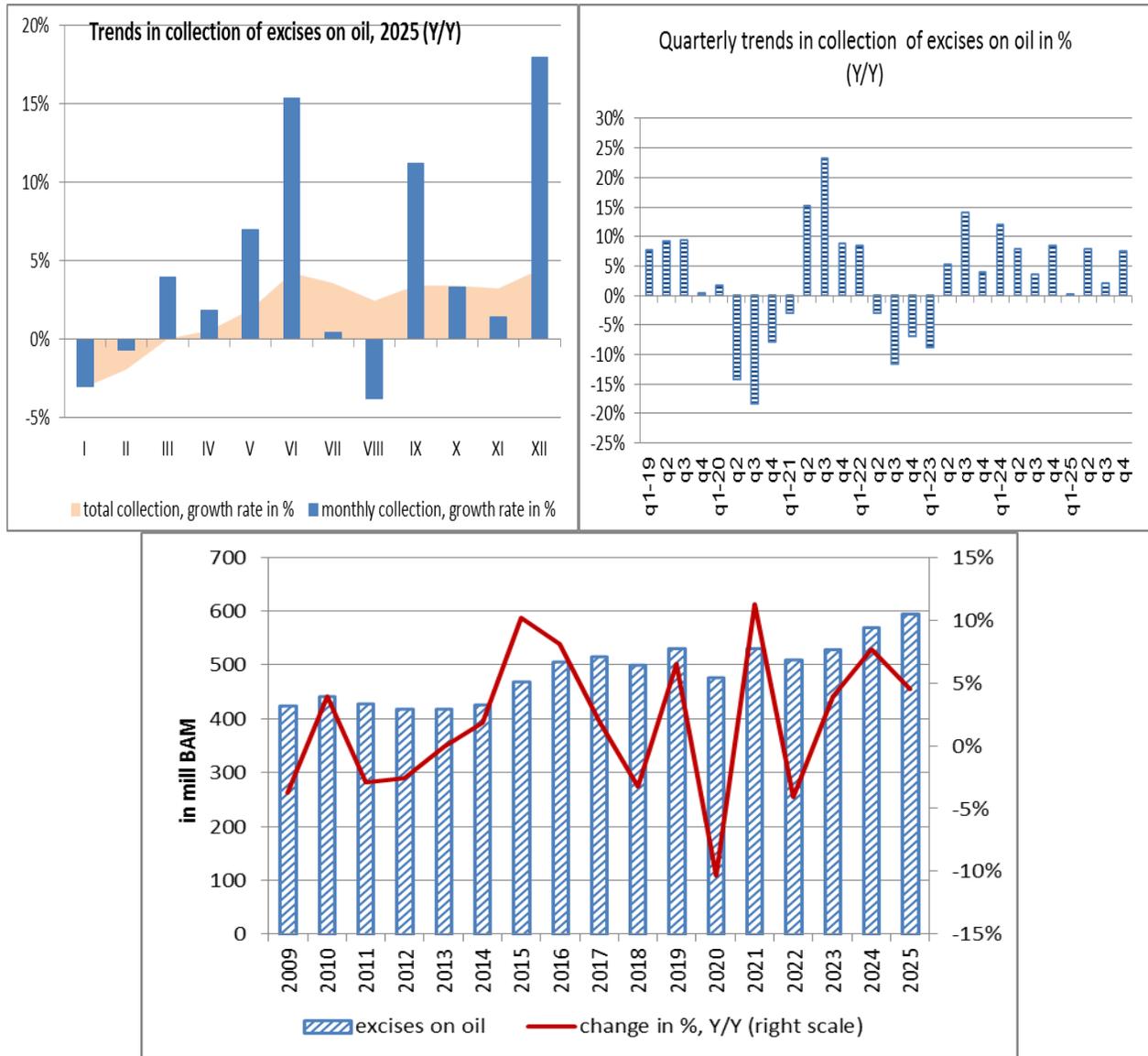
Although, following the change in the excise duty payment regime for tobacco products, the data from the records on the issued excise stamps are not directly related to the excise revenue collected, they are significant for analyzing trends in the cigarette and tobacco market, as well as for future trends in excise duty collection. According to reports for 2025, the quantity of cigarettes, measured by the number of issued excise stamps, increased by 5.9%, and the value of cigarettes was even higher by 10.9% compared to 2024. Given that significant "stockpiles" of excise stamps have remained with tobacco companies, with an excise value of around 100 million BAM, it can be assumed that cigarettes with collected stamps will be imported at the beginning of 2026, which will be reflected in the collection of excise taxes in the first quarter of 2026. The retail prices of cigarettes were changed several times during 2025.<sup>3</sup> Compared to the weighted average retail price in 2024, the growth of the weighted average price of cigarettes at the end of 2025 amounts to 0.28 BAM per pack in absolute terms, or 4.7%, which is in line with inflation.

<sup>3</sup> In the first two months of 2025, the retail prices of certain cigarette brands of the two largest tobacco corporations were increased twice, on February 3, 2025 and February 17, 2025. After that, the prices of certain brands of cigarettes from other tobacco companies were increased on March 17, 2025 and April 1, 2025. The last price increase of 0.10 BAM per pack of certain cigarette brands has been applied from June 16, 2025, and the effects of this price increase were reflected in the collection of excise duties in the third and fourth quarters of 2025.

*Excise duties on oil derivatives*

Trends in excise duty collection on oil derivatives in 2025 show a similar pattern in both half-years. In the first two months of both half-years, a decline in excise duty collection was recorded, and in the remaining four, a positive trend with high growth rates was recorded. The maximum monthly growth rates were achieved in the last months of both half-years, 15.4% in June and as much as 17.2% in December 2025. (Chart 16, left). The aforementioned pattern of excise duty collection on derivatives indicates more the dynamics of imports, because excise duties are paid upon import, and less to fluctuations in consumption.

Chart 16



Source: Indirect Taxation Authority of B&H; calculation and presentation of the author

Improvements in collection trends during the year resulted in a cumulative growth rate of 4.2% at the level of the first half of the year, and after turbulence in the second half of the year and a maximum in December, the annual growth rate amounted to 4.5% (Chart 16, left "total").

The collection pattern that coincides in the half-years was also reflected in the quarterly trends. Due to poorer collections in the first two months of each half-year, modest growth rates were

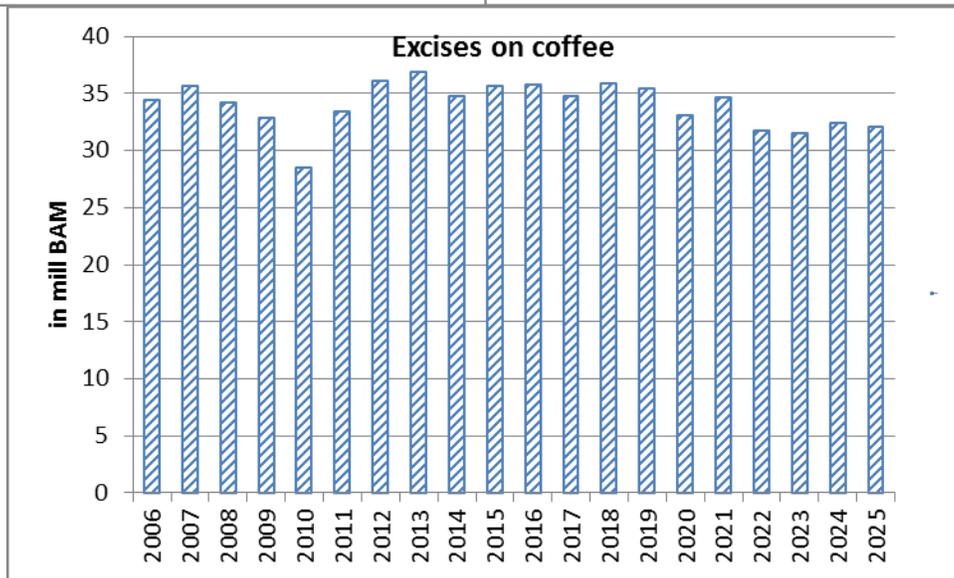
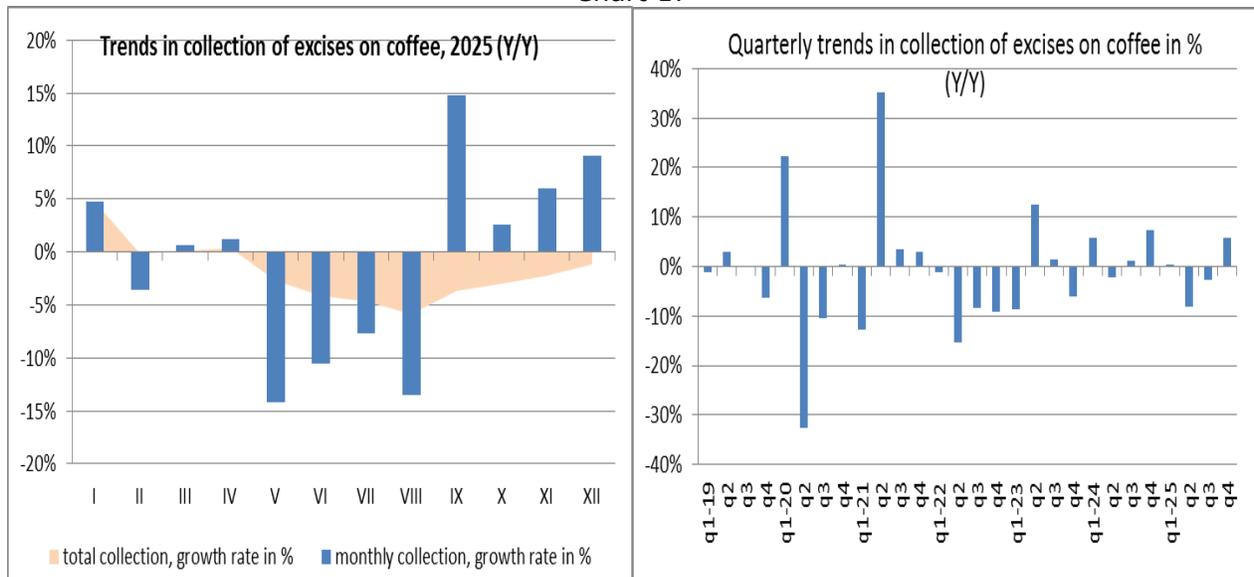
achieved in the first and third quarters of 2025, 0.1% and 2.1%, respectively. The sharp growth in the continuation of both half-years brought high growth rates in the second and fourth quarters, 7.9% and 7.5%, respectively (Chart 16, right).

An overview of annual trends indicates a gradual increase in revenues from excise duties on oil derivatives in the last two years. After strong oscillations caused by the pandemic and the global energy crisis, the annual growth rate is expectedly lower, in line with the growth of consumption and the economy (Chart 16, below).

*Excise duties on coffee*

The pattern of coffee excise tax collection shows different trends in three periods. In the first third of the year, collection was volatile, while in the second third there was a significant deterioration with a monthly drop of as much as -13.5% (August).

Chart 17



Source: Indirect Taxation Authority of B&H; calculation and presentation of the author

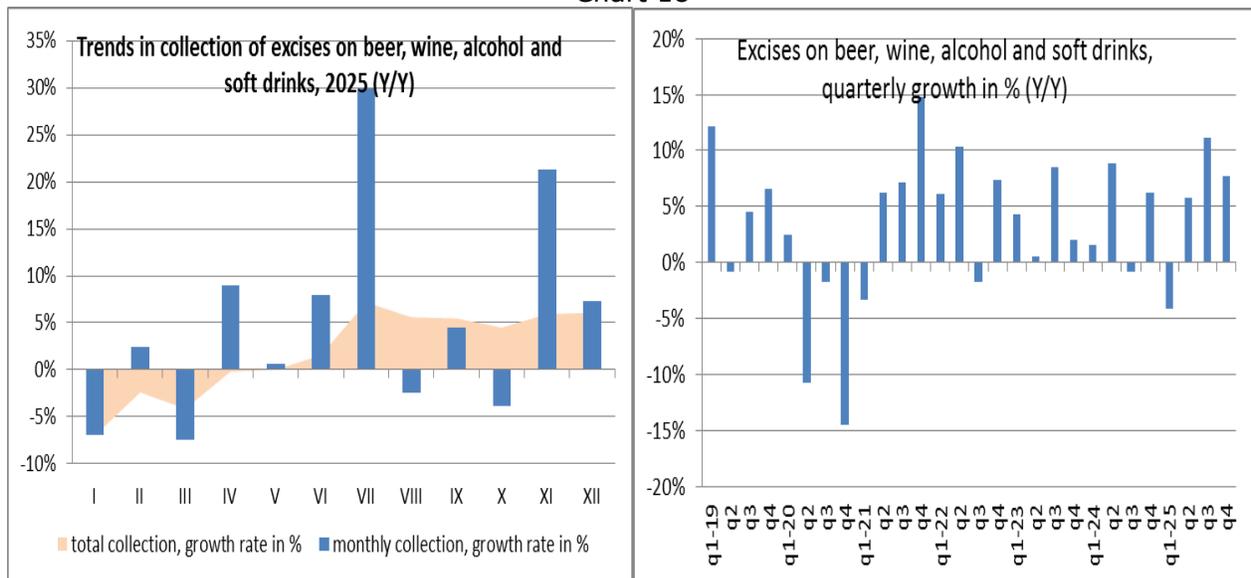
However, in the last four months, a positive growth trend was recorded, with rates of up to +15% in September (Chart 17, left). As a result of such trends, the cumulative growth rate was in the negative growth zone for most of the year, and even the positive growth in the last four months could not cancel out weaknesses from the middle of the year, so that a decrease of -1.2% was recorded at the annual level (Chart 17, left, "total").

Quarterly comparisons in the last two years show strong fluctuations in quarterly growth rates, but differences in absolute amounts of revenues were not significant. Divergent trends in collection during 2025 were also reflected in the quarterly growth rates. In the first quarter of 2025, a minimum growth of 0.1% in revenues from excises on coffee was achieved. A sharp decline in revenues in the continuation of the year resulted in a maximum negative growth rate of -8.1% in the second quarter. The positive growth trend in September reduced the negative growth rate in the third quarter to -2.7%. Finally, positive collection growth in the last months of the year brought a growth rate of 5.9% in the fourth quarter of 2025 (Chart 17, right). The review of annual trends does not show the expected recovery of coffee consumption, and thus the collection of excise revenue. The collection of revenues from excises on coffee was even lower than in 2006, when the ITA took over the collection of revenues from indirect taxes in full capacity (Chart 17, below).

*Excise duties on beer, wine, alcohol and alcoholic beverages and soft drinks*

In 2025, the collection of excise duties on the group of products consisting of beer, wine, alcohol, alcoholic and soft drinks was 6.1% higher than the collection in 2024. The growth was mostly contributed by the collection of excises in July and November (Chart 18, left). Quarterly comparisons show conflicting trends in excise duty collection. A drop of -4.1% was achieved in the first quarter, and in the remaining three quarters there was positive growth, with a maximum in the third quarter of 11.2% (Chart 18, right).

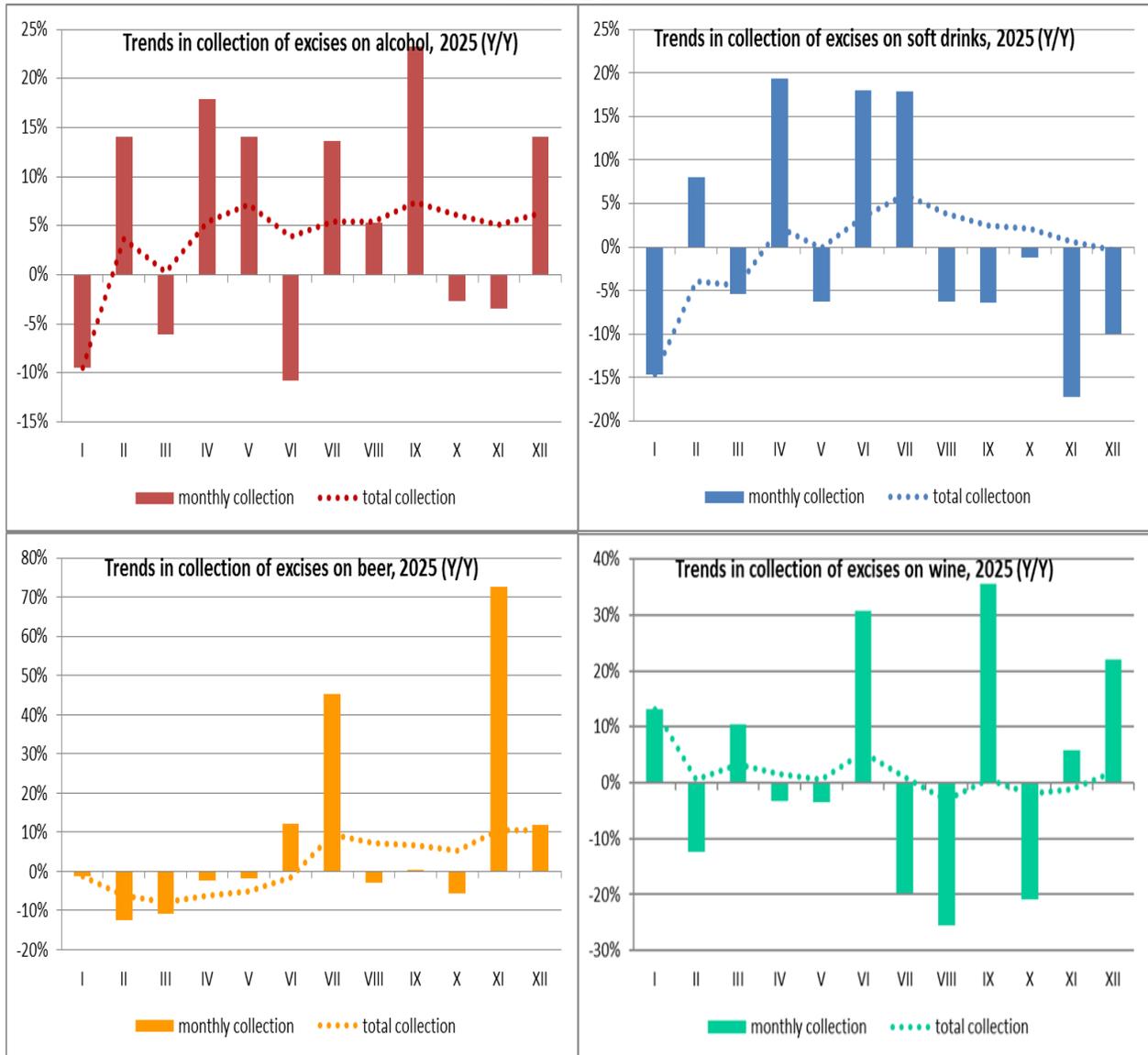
Chart 18



Source: Indirect Taxation Authority of B&H; calculation and presentation of the author

Trends in the structure of collected excise duties are different depending on the type of excise goods. A general conclusion can be drawn that the monthly collection was oscillating, and that the cumulative growth rate in 2025 was mostly in the zone of positive growth, except for excise taxes on soft drinks (Chart 19).

Chart 19



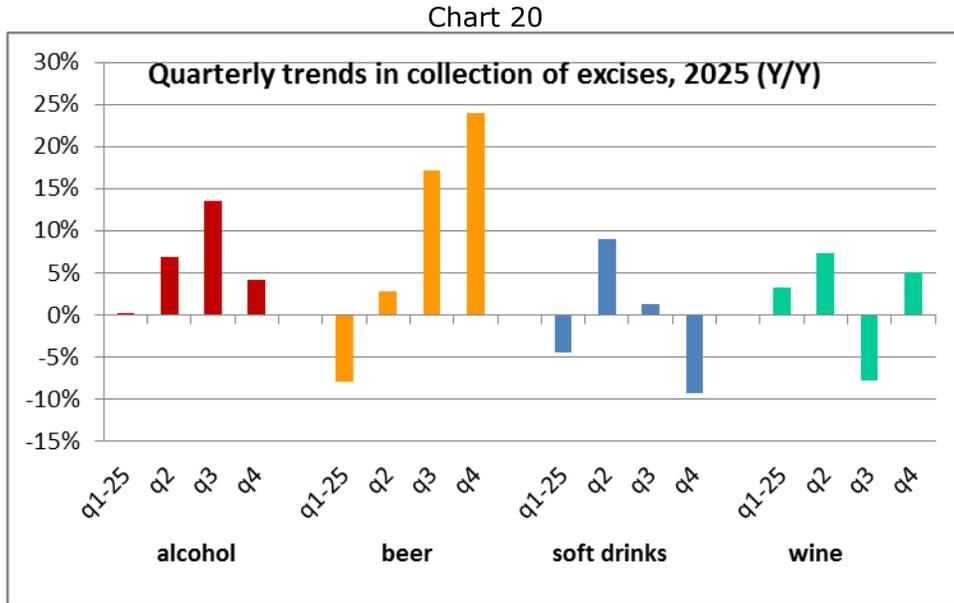
Source: Indirect Taxation Authority of B&H; calculation and presentation of the author

The collection of excise duties on alcohol and alcoholic beverages was oscillating throughout the year, but the cumulative growth rate was in the positive growth zone for ten months, and on an annual basis it was 6.3

The collection of excise duties on non-alcoholic beverages only left the negative growth zone in April 2025, and the maximum growth was achieved in July. Since then, negative growth has been recorded for five consecutive months, which completely annulled the absolute increase achieved in mid-year, so that a decrease in revenues of -0.4% was achieved on an annual basis.

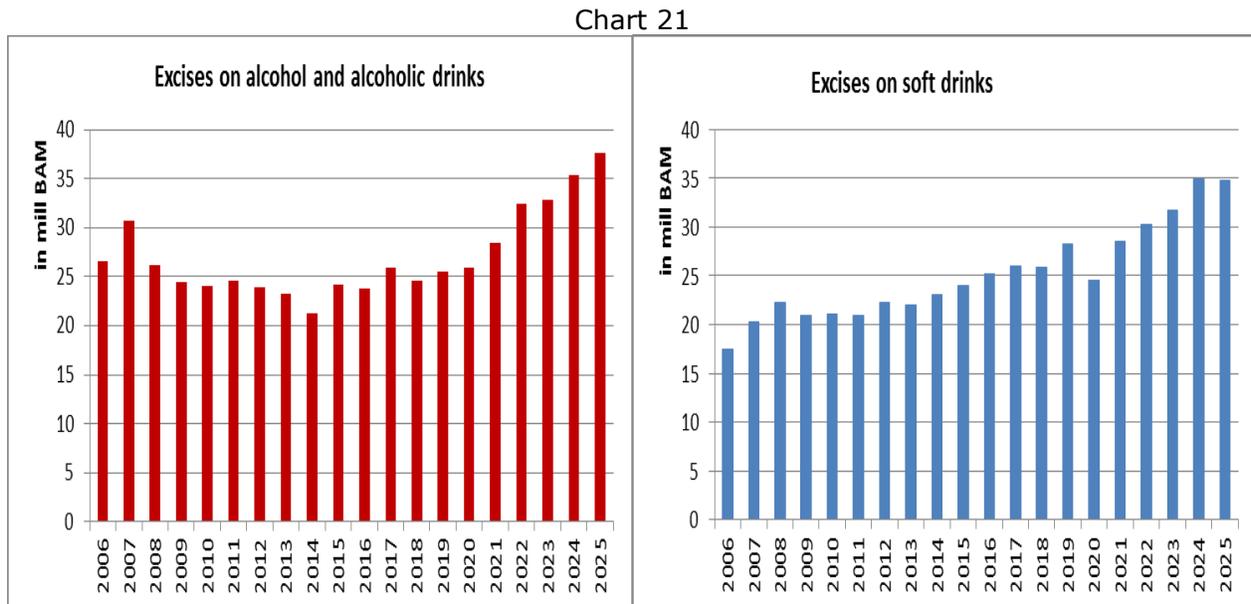
After five months of continuous negative growth rates, an increase in the collection of revenues from excise duties on imported beers was achieved in June, which partially alleviated the weaknesses from the previous months. In July and December, there were enormous increases in the collection of excise taxes on domestic beers, which can be explained by the collection of old debt. In any case, the amount of the collected old debt was significant to such an extent that after a year of negative trends, a positive cumulative growth of excise duty on beer of even 10.6% was achieved.

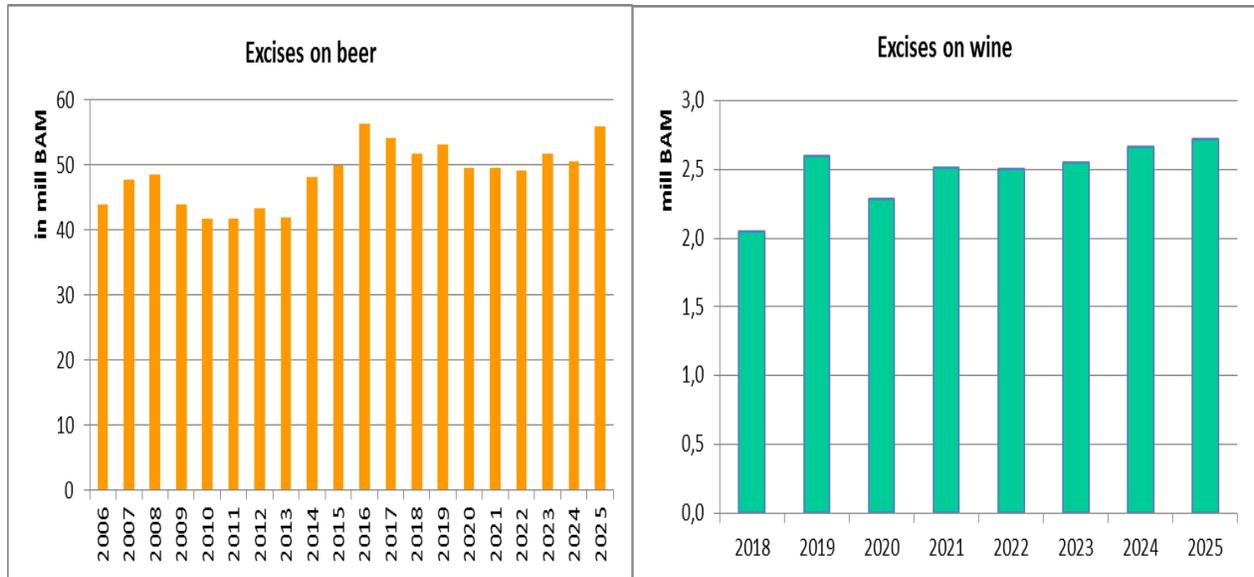
An overview of quarterly growth rates indicates divergent trends in 2025 (Chart 20). There was a noticeable positive growth trend in the collection of excise duties on alcohol and alcoholic beverages, as well as in excise duties on beer. However, the high quarterly growth rates were partly due to the collection of old debt, reducing expectations that the recovery of excise duty collection could continue in 2026. On the other hand, trends in excise duty collection on soft drinks have significantly worsened in the last two quarters.



Source: Indirect Taxation Authority of B&H; calculation and presentation of the author

The presentation of the annual collection shows a continuous growth in the collection of excise duties on alcohol and alcoholic beverages in absolute amounts since 2014, while in the collection of excise duties on soft drinks there was a break in continuity in the pandemic 2020 and in 2025 (Chart 21). On the other hand, the collection of excise taxes on beer has not yet reached the maximum achieved in 2016, and bearing in mind that the collection in 2025 also includes the amounts of excise taxes that should have been collected in previous years, the discrepancy compared to the maximum in 2016 is even greater.



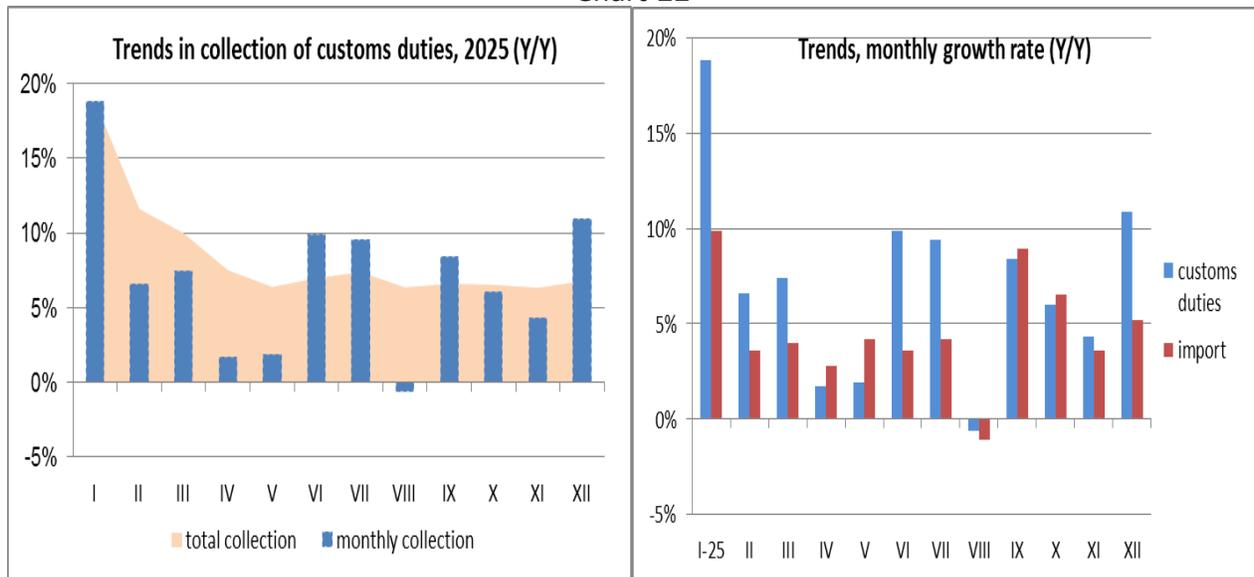


Source: Indirect Taxation Authority of B&H; calculation and presentation of the author

**Customs**

In 2025, the trend of positive growth rates in customs revenue from the previous year has continued, but the revenue growth rates were significantly lower (Chart 22, left). The highest rate of 18.8% was recorded in January, and in four months it was around 10%. A trend of slowing growth rates can be noticed, with a decrease in customs revenue collection of -0.6% recorded in August, for the first time since February 2021.

Chart 22



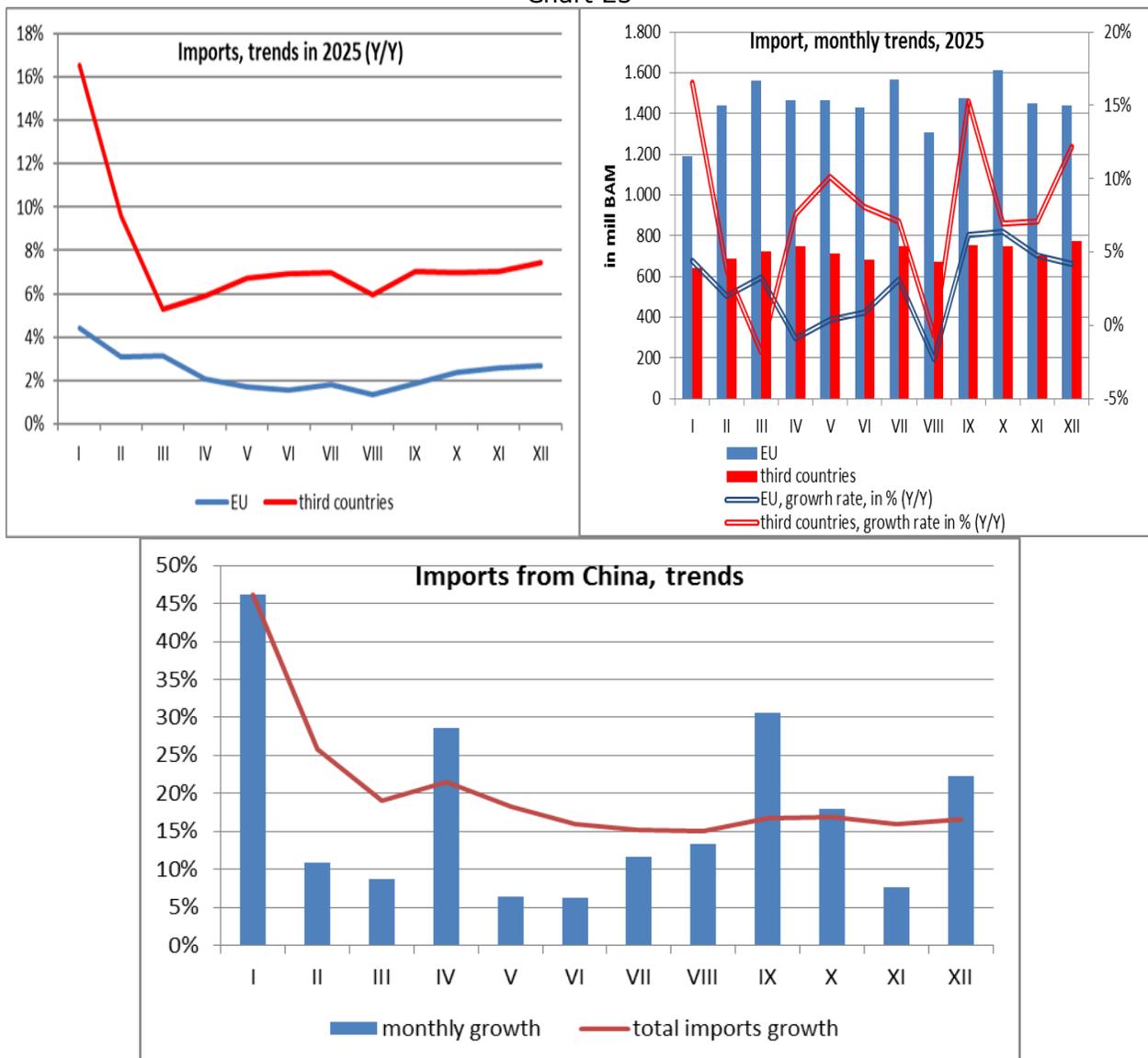
Source: Indirect Taxation Authority of B&H; Agency for Statistics of B&H, calculation and presentation of the author

Data on the collection of VAT on imports and customs duties indirectly indicated the trend of import growth. Based on the review of trends in imports and customs revenues, it can be concluded that the growth of customs duties in six months was significantly higher than the growth of imports, which signals that the import of goods subject to customs duty grew faster than the import of other goods that are not subject to customs duty. On the other hand, in other months the discrepancy was in favor of imports.

A sharp decline in imports was noticeable in the period February - May 2025 (Chart 22, right), in contrast to the high growth rates at the end of 2024 and the beginning of 2025. This resulted in a strong drop in the cumulative growth rate of customs revenue in the first five months of 2025. Since May, the cumulative growth rate has been stable, with very small monthly fluctuations, and at the end of the year it amounted to 6.8% thanks to the stable collection in the last third of the year, and especially strong growth in December (Chart 22, left "total").

For the collection of customs revenue, it is important to monitor imports from the EU and third countries. Given that customs duties are retained only on a limited number of goods imported from the EU, and on imports of goods from China and other third countries, the growth in customs revenue was a consequence of the growth in imports of these goods. According to official data for 2025, imports from third countries grew by 7.5%, within which the growth rate in imports from China amounted to 16.6%. This is a high growth rate that has been stable for seven months (Chart 23, below). Similarly, imports from the EU Member Countries grew by 2.7% (Chart 23, left). A monthly overview of imports from the EU and third countries shows significant fluctuations in the value of imports, which, overall, produces fluctuations in the cumulative growth rate (Chart 23, right).

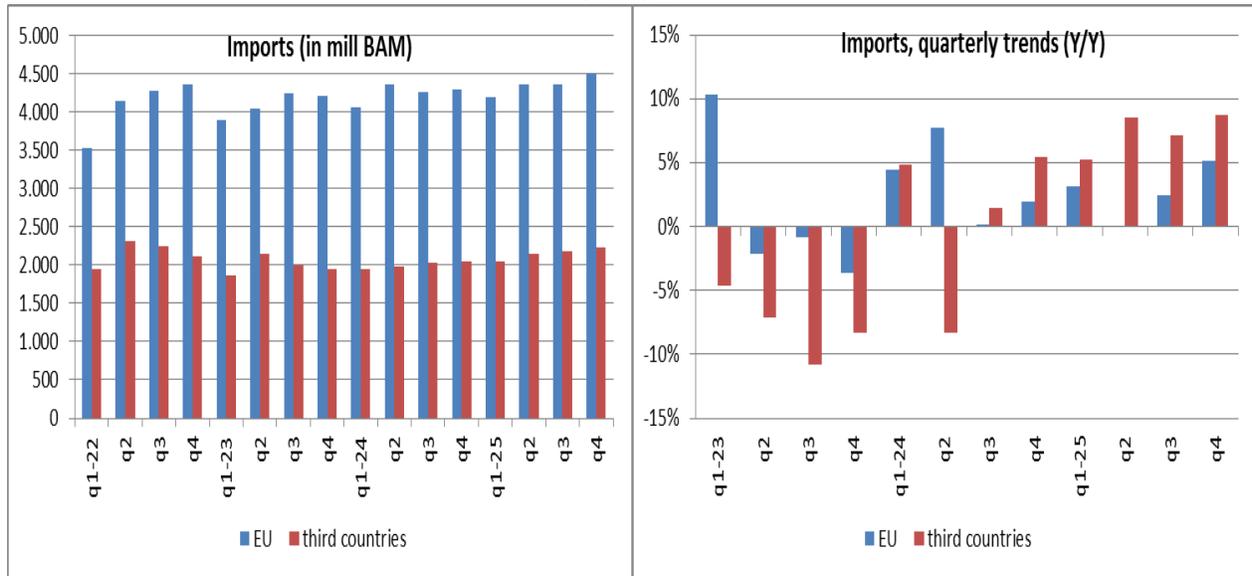
Chart 23



Source: Agency for Statistics of B&H, calculation and presentation of the author

Quarterly growth rates give a clearer picture of trends in imports from the EU and third countries than can be concluded from the annual growth rate. Comparisons of imports in absolute terms show that imports from the EU and third countries in the third quarter of 2025 were almost identical to the values from the second quarter of 2025, while a slight increase was recorded in the fourth one (Graph 24, left). However, quarterly comparisons of imports (Y/Y) show strong growth in imports from the EU. After zero growth in the second quarter, growth of 2.4% was recorded in the third, and even 5.2% in the fourth quarter. Likewise, the trend of high quarterly growth rates of imports from third countries has continued for three consecutive quarters, with rates exceeding 8% (Chart 24, right).

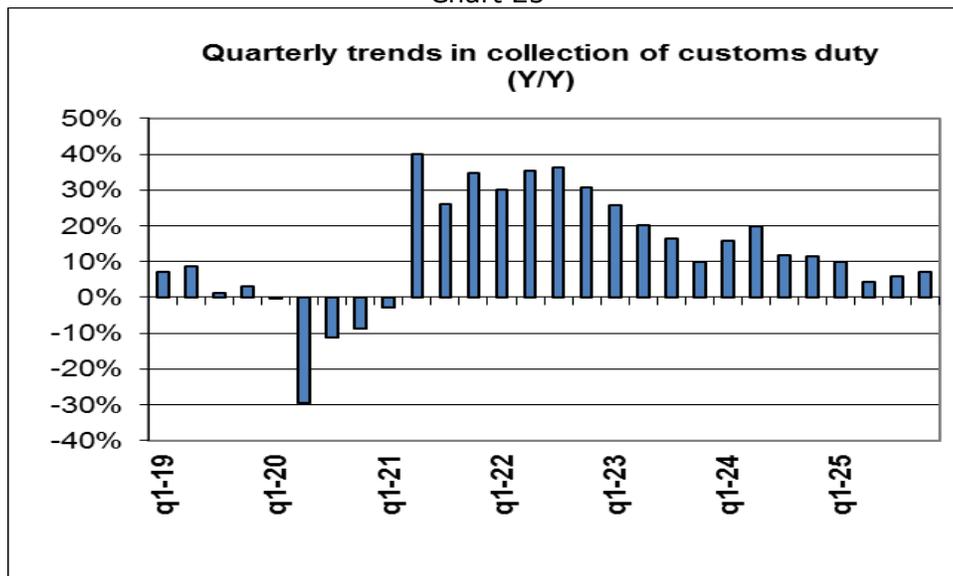
Chart 24



Source: Agency for Statistics of B&H, calculation and presentation of the author

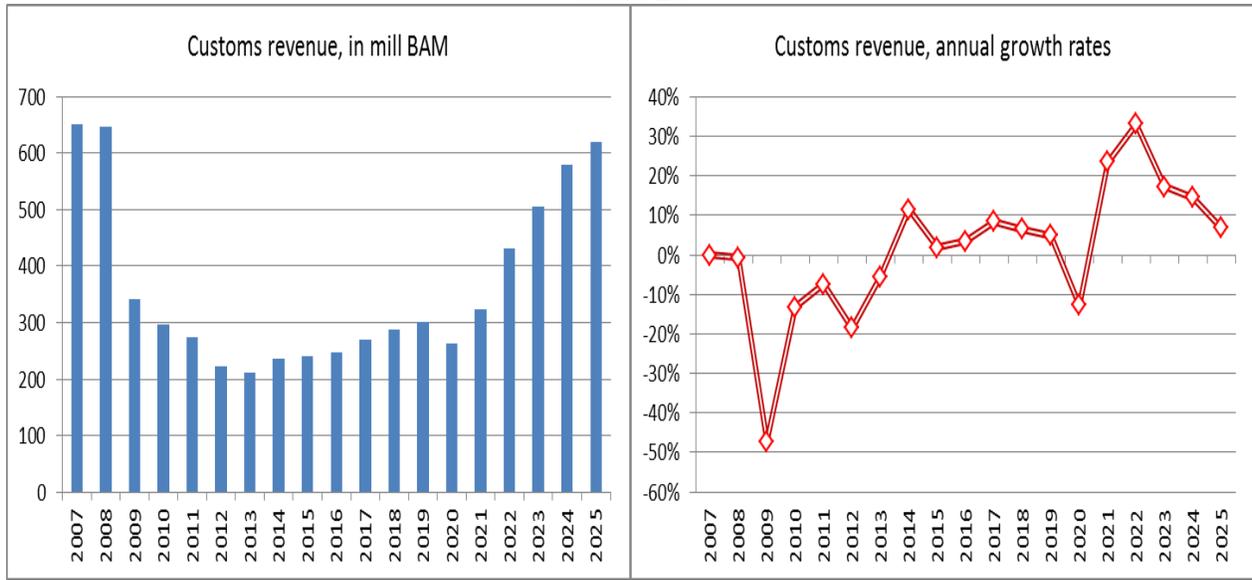
Quarterly comparisons of customs revenue collection show a downward growth trend compared to previous years. The highest rate of 10% was achieved in the first quarter, and the lowest in the second quarter of 4.4%. In the third and fourth quarter, there was a recovery in revenue collection, as a result of the increase in imports, and growth rates of 5.9% and 7.2% were recorded (Chart 25).

Chart 25



Source: Indirect Taxation Authority of B&H; calculation and presentation of the author

Chart 26



Source: Indirect Taxation Authority of B&H; calculation and presentation of the author

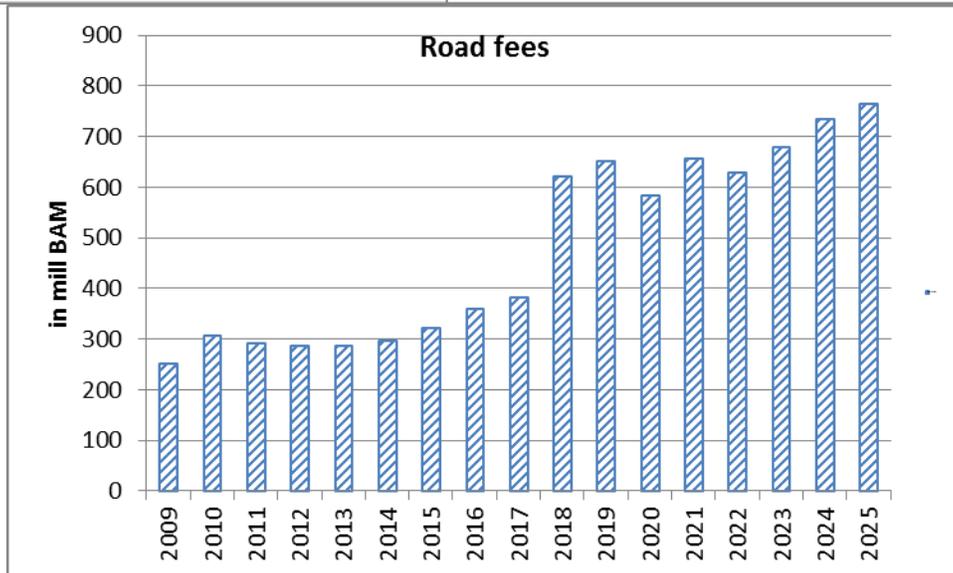
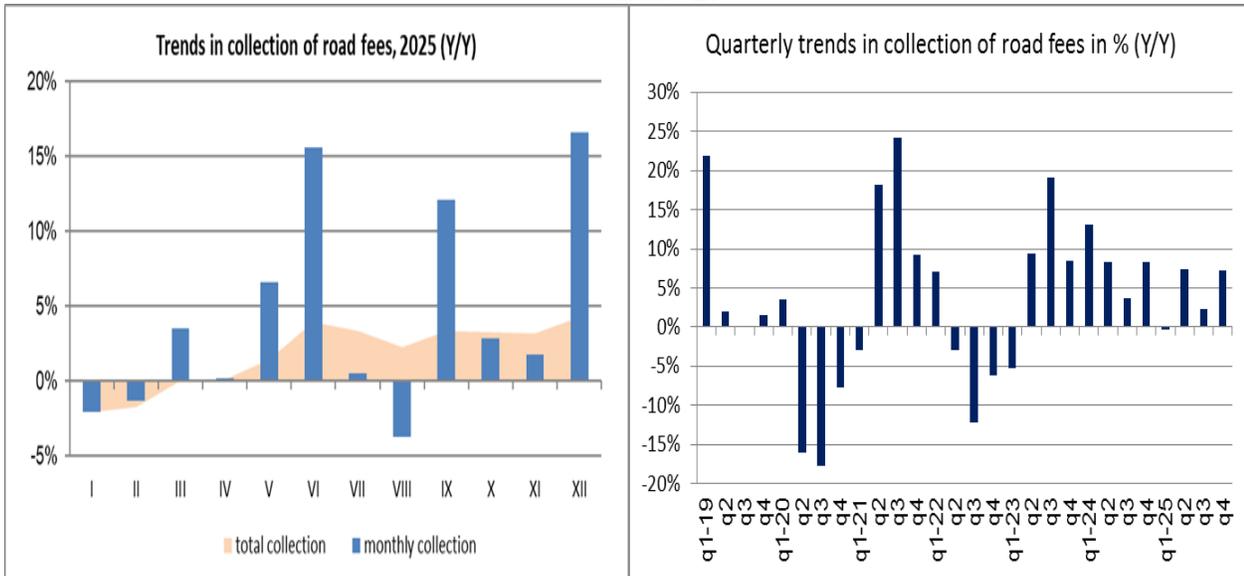
As of 2022, the collection of customs revenue has been increasing strongly from year to year (Chart 26, left), with a tendency to reach in 2026 the amount that was collected before the beginning of the process of liberalization of foreign trade in B&H, which entailed joining the CEFTA agreement, and five-year reduction of customs duties on the import of goods from the EU.<sup>4</sup> The lowest level of customs revenue collection was achieved in 2013, when revenue fell to only 33% of the revenue achieved in 2007- representing the year with the highest revenue from customs since the establishment of the ITA. The outbreak of the war in Ukraine has triggered a strong price wave in strategic goods - energy, food, raw materials and, consequently, all other goods and services. High import growth rates resulted in high growth rates of customs revenue of 31.3% in 2022. In the last three years, the growth rates have slowed down and they have been reduced to the limits of import growth (Chart 26, right).

### Road fee

Although they are calculated according to the same principle, growth rates of road fee revenues were lower than growth rates of excise taxes on oil derivatives, due to differences in the base and exemptions. The collection trends are similar to the trends in the collection of excise duties on derivatives. A semi-annual pattern can be noticed, with negative collection in the first two months and positive growth in the remaining four months (Chart 27, left). Ultimately, changing trends resulted in an annual growth rate of 4.3%.

<sup>4</sup> More: Antić, D. (2025). "The role and significance of customs duties in the tax structure". MAU Bulletin No. 233/234, September/October 2025, [www.oma.uino.gov.ba](http://www.oma.uino.gov.ba).

Chart 27



Source: Indirect Taxation Authority of B&H; calculation and presentation of the author

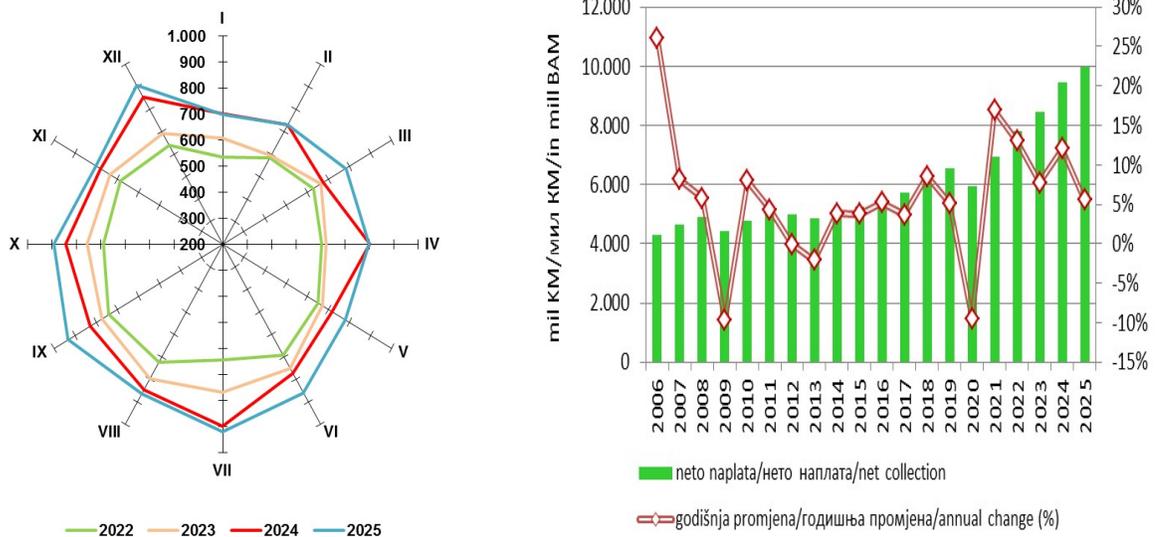
Quarterly comparisons show that positive trends in road fee collection brought high growth rates in the second and fourth quarters of 7.5% and 7.2%, while negative trends in the initial months of both half-years reduced growth rates in the first quarter to -0.3%, and in the third to a modest 2.3% (Chart 27, right). An overview of the annual collection of road fee revenue shows stable growth after turbulences on the energy market caused by the pandemic and the global energy crisis (Chart 27, below).

**EFFECTS OF COLLECTION OF INDIRECT TAXES IN 2025**

The analysis of annual trends in the collection of indirect taxes indicates a strong growth in collection in absolute amounts on an annual basis (Chart 28, right) in the last four years. Oscillations are noticeable on a monthly basis, and in a few months, the same level of collection as in 2024 has occurred. It can be easily seen that more serious monthly absolute increases in 2025 compared to 2024 were *de facto* realized in just a few months (Chart 28, left).

After the turbulent period of 2020-2022 (pandemic, start of the war in Ukraine, energy crisis, war in the Middle East), characterized by extremely low (2020) and extremely high growth rates (2021, 2022), an overview of annual growth rates shows that growth rates have been gradually normalizing. It should be borne in mind that the high growth rate in 2024 is related to the new rules for collecting excise taxes on tobacco products. Despite the high collection in 2025 in absolute terms, there is also a noticeable slowdown in the annual growth rate in the last four years and its reduction to "normal" limits, which correspond to the growth of the economy and consumption (Chart 28, right).

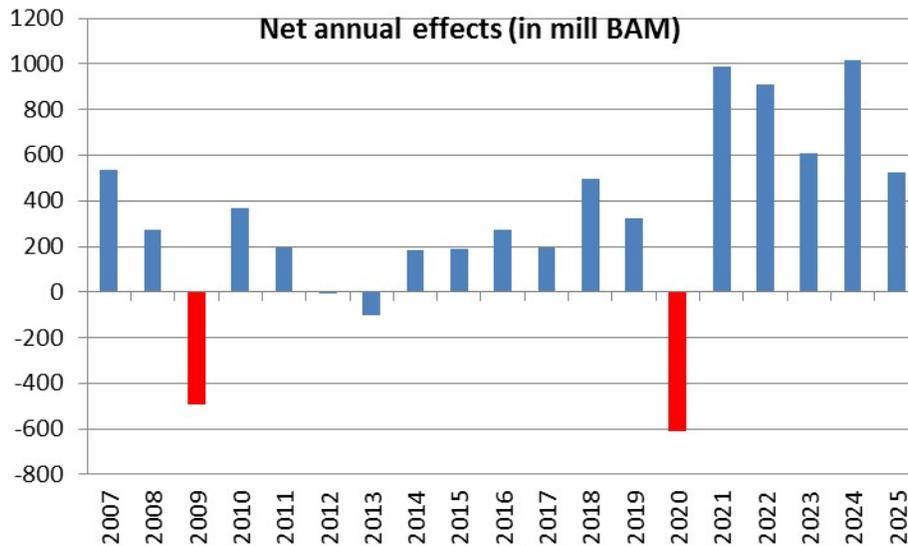
Chart 28



Source: Indirect Taxation Authority of B&H; calculation and presentation of the author

Since the introduction of VAT, a net decrease in revenues from indirect taxes has been recorded in only two years (Chart 29). These were the years marked by major global shocks - 2009, in which the global financial and economic crisis manifested itself, and the pandemic year 2020. In the past five years, net effects were very high, with the exception of 2021, as the high effects in that year were the result of the recovery after the huge drop in revenues in 2020. Unlike 2024, when a record net absolute increase in revenues from indirect taxes was achieved, the highest since the establishment of the ITA, in 2025 the net absolute increase was halved, the lowest since 2021, but still high compared to the pre-pandemic years (Chart 29).

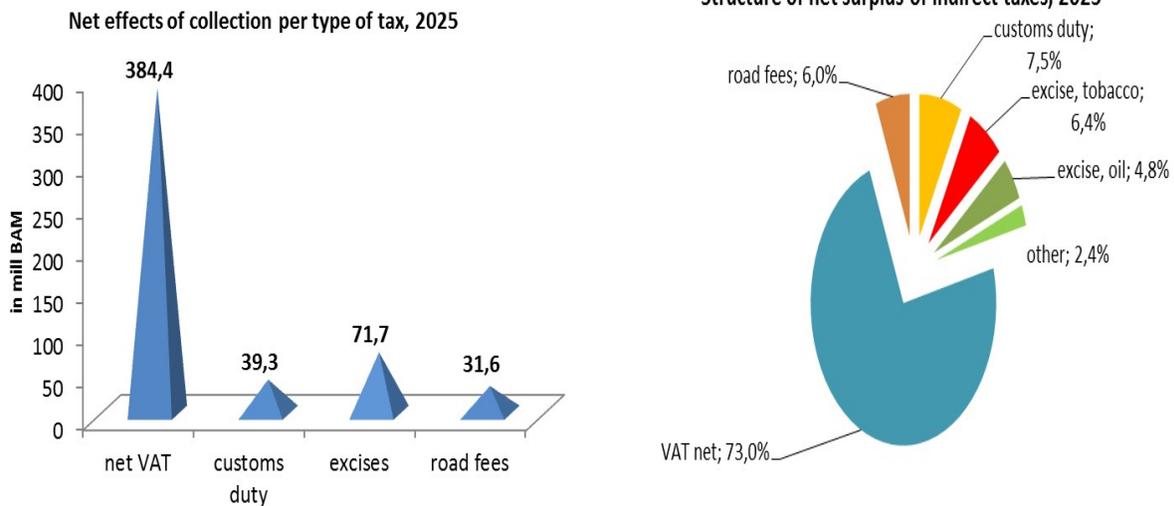
Chart 29



Source: Indirect Taxation Authority of B&H; calculation and presentation of the author

Observed by types of revenue, the largest absolute increase in 2025 compared to 2024 was realized in VAT collection in the amount of 384.4 million BAM, and in excise collection in the amount of 71.7 million BAM (Chart 30, left).

Chart 30



Source: Indirect Taxation Authority of B&H; calculation and presentation of the author

Revenues from VAT dominate in the structure of the net absolute increase in 2025, with a high share. In the past years, 2/3 of the revenues from indirect taxes related to net VAT. However, the strong growth in VAT collection and the noticeable drop in excise duty collection on tobacco products in the last quarter of 2025 brought about a turnaround, so that the share of VAT reached 73%, while the share of excise duty on tobacco products amounted only 6.4% (Chart 30, right).

The improvement in the collection of VAT also brought a larger share of the *ad valorem* component in the structure of the absolute increase in net indirect taxes. A more detailed breakdown of the absolute increase according to the method of determining the base into the increase that originates from *ad valorem* taxes (VAT, the largest part of customs duties, *ad valorem* component of excise duties on cigarettes) and from the specific component (specific excise duty on tobacco products, excise duties on oil derivatives and other excise products, road fees) shows that as much as 84.2% of the net absolute increase in revenues from indirect taxes originates from *ad valorem* taxes. It means that it is mostly related to the growth of the base, i.e. prices of goods and services, since tax rates remained unchanged. The remaining absolute increase is related to the real increase in consumption of excise goods. Positive effects resulting from improved revenue collection efficiency by the ITA should also be taken into account.

The lower growth rate in 2023, and thus the lower share measured as a % of GDP, was a consequence of the change in the excise duty payment regime on tobacco products. The loss of revenues in that year due to the change in the method of payment of excise duty amounted to 0.1% of GDP, and the annual growth rate was lower by 1 p.p. Mathematically, a higher base in 2023 would result in an annual growth rate of indirect tax collection in 2024 lower by 1 p.p. Despite the slowdown in the growth of net collection in 2025, the share in GDP remained unchanged, which points to the conclusion that the trends in the collection of indirect taxes largely followed the expected GDP growth projections.

#### Collection of indirect taxes, annual trends

	2022	2023	2024	2025
as % of GDP	16,8%	16,2%	17,2%	17,2%
annual change in %	13,1%	7,8%	12,0%	5,6%

Source: Indirect Taxation Authority of B&H (revenues); Agency for Statistics of B&H, (GDP 2022-2024); Directorate for Economic Planning (GDP 2025, September 2025)

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## Prices, consumption and revenues from oil derivatives in 2025

Prepared by: Aleksandra Regoje (expert advisor – macroeconomist)

### Introduction

This article analyzes the consumption of oil derivatives in 2025, as well as its long-term trends. Part I presents the price trends: crude oil on the world market and oil derivatives on the B&H market. Part II of this article presents the consumption of oil derivatives in B&H, which refers to the quantities of oil derivatives on which excise duties and road fees have been calculated. Part III analyses the revenues collected at the ITA Single account (ITA SA) on the basis of oil derivatives, which relate to excise duties and road fees.

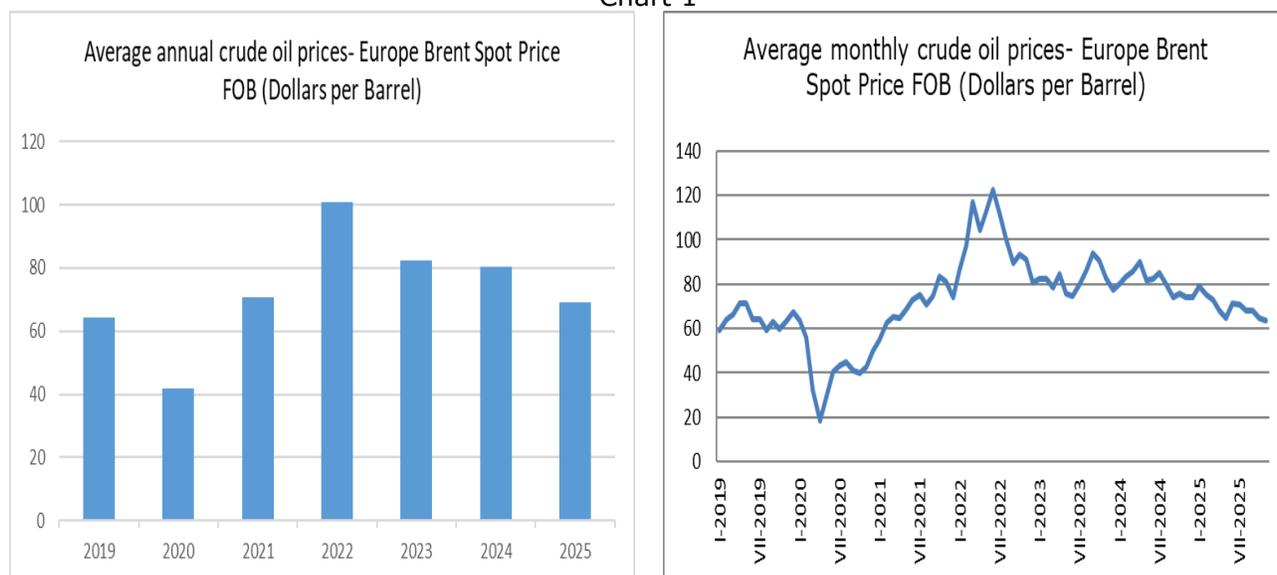
Although the consumption of oil derivatives is price inelastic, strong price turbulences in the past period, together with the movements of relevant macroeconomic indicators, have determined the consumption of oil derivatives on the B&H market, and thus the revenues collected from excise duties on oil derivatives and road fees, which have a significant share in total revenues from indirect taxes. Factors that determine the prices of oil derivatives on the B&H market are primarily crude oil prices, trade margins and the level of tax rates.

### I Crude oil prices and dynamics of prices of oil derivatives on the B&H market

#### Crude oil prices

Based on data from the U.S. Energy Information Administration, Chart 1 shows the average annual (left) and monthly (right) prices of Brent crude oil prices<sup>5</sup> in the period from 2019 to 2025. Crude oil prices were relatively stable in 2019, and the average annual price was 64.3 dollars per barrel. In the period from 2020 to 2022, huge fluctuations were recorded, at first because of the effects of the coronavirus pandemic, and later due to the war in Ukraine. Average annual crude oil prices rose from 42 per dollars barrel in 2020 to a high of 100.9 dollars per barrel in 2022. Monthly fluctuations in that period were even more pronounced. In April 2020, crude oil prices fell to only 18.4 dollars per barrel. After that, a growth trend began, and in June 2022, the maximum price in the observed period was recorded in the amount of a high 122.7 dollars per barrel.

Chart 1



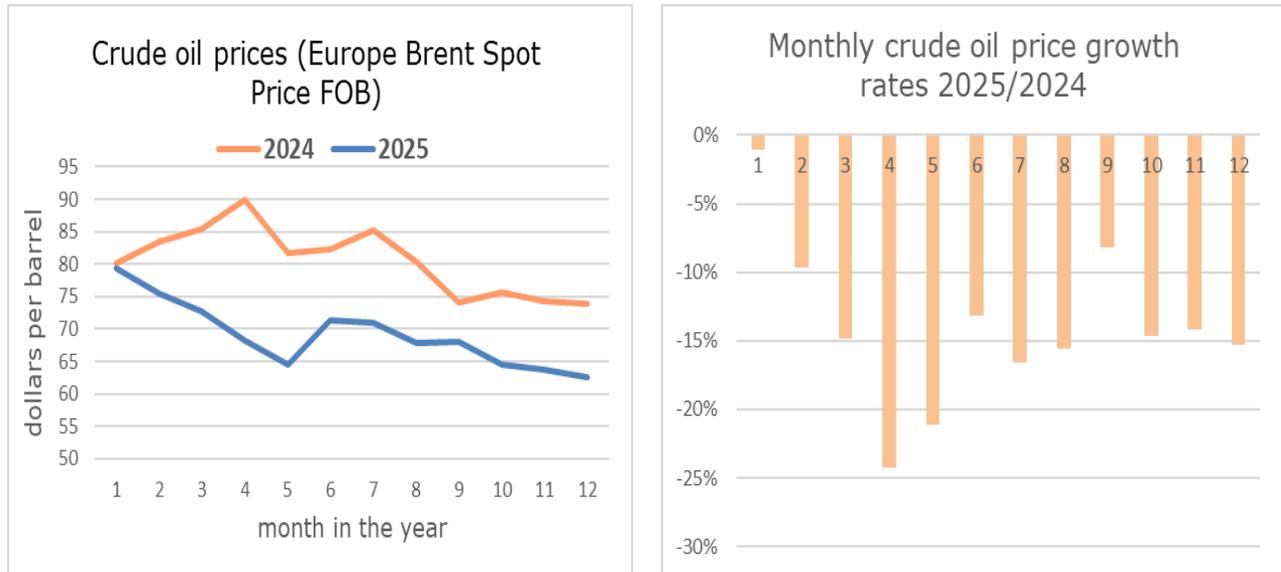
Source: Author's presentation based on data from the U.S. Energy Information Administration, [www.eia.gov](http://www.eia.gov)

<sup>5</sup> Europe Brent Spot Price FOB

Compared to the previous period, which was very turbulent in terms of crude oil prices, there were no strong monthly fluctuations in the period 2023-2025. A downward trend is noticeable, from an annual average of 82.5 dollars per barrel in 2023 to 69.1 dollars per barrel in 2025.

If we observe the average monthly prices of crude oil in 2025 compared to the previous year (Chart 2), we can conclude that they were below last year's prices throughout the year. In January 2025, prices were at approximately the same level as in January 2024 (-1.1%), but in the rest of the year high rates of decline were recorded, even up to -24.2% in April. On an annual basis, average crude oil prices in 2025 compared to 2024 fell by 14.1%.

Chart 2



Source: Author's presentation based on data from the U.S. Energy Information Administration, [www.eia.gov](http://www.eia.gov)

*Prices of oil derivatives on the B&H market*

Chart 3 shows weekly prices of diesel fuel<sup>6</sup> in Bosnia and Herzegovina in the period from 2019 to the end of 2025, which mainly follow the dynamics of crude oil prices. After a period of extremely stable prices in 2019, the prices of oil derivatives on the B&H market fell sharply in the spring of 2020, as a result of the corona virus pandemic. In the 21<sup>st</sup> week of 2020, the price of diesel fuel was only 1.5 BAM/l. From the 22<sup>nd</sup> week of 2020, prices of derivatives have recorded a stable growth trend, which was maintained throughout 2021. At the end of 2021, the average weekly price of diesel fuel was 2.3 BAM/l. The events in Ukraine influenced the intensification of the price growth trend in 2022. The average prices of diesel fuel reached their maximum of a high 3.7 BAM/l in the 28<sup>th</sup> week of 2022. After that, there was a downward trend in diesel fuel prices which lasted until the 21<sup>st</sup> week of 2023, when they amounted to 2.4 BAM/l. Growth trend of diesel fuel prices started again and lasted until the 41<sup>st</sup> week of 2023 (2.9 BAM/l), and then, with minor exceptions, there was a downward trend again lasting until October 2024, when the average weekly prices ranged between 2.35-2.40 BAM/l. After that, there was a trend of price growth again until the 7<sup>th</sup> week of 2025, when the prices of diesel fuel amounted to 2.7 BAM/l, while in the further course of 2025, prices varied slightly, and at the end of 2025, they amounted to 2.5 BAM/l.

<sup>6</sup> Only data for diesel fuel is shown because after the 19<sup>th</sup> week of 2022, the reporting of prices for fuel 95 BMB and 98 BMB on the website of the Foreign Trade Chamber of B&H with data from the International Road Transport Union was discontinued.

Based on the data from Table 1, we can conclude that, after 2019, diesel fuel prices varied the least in 2025.

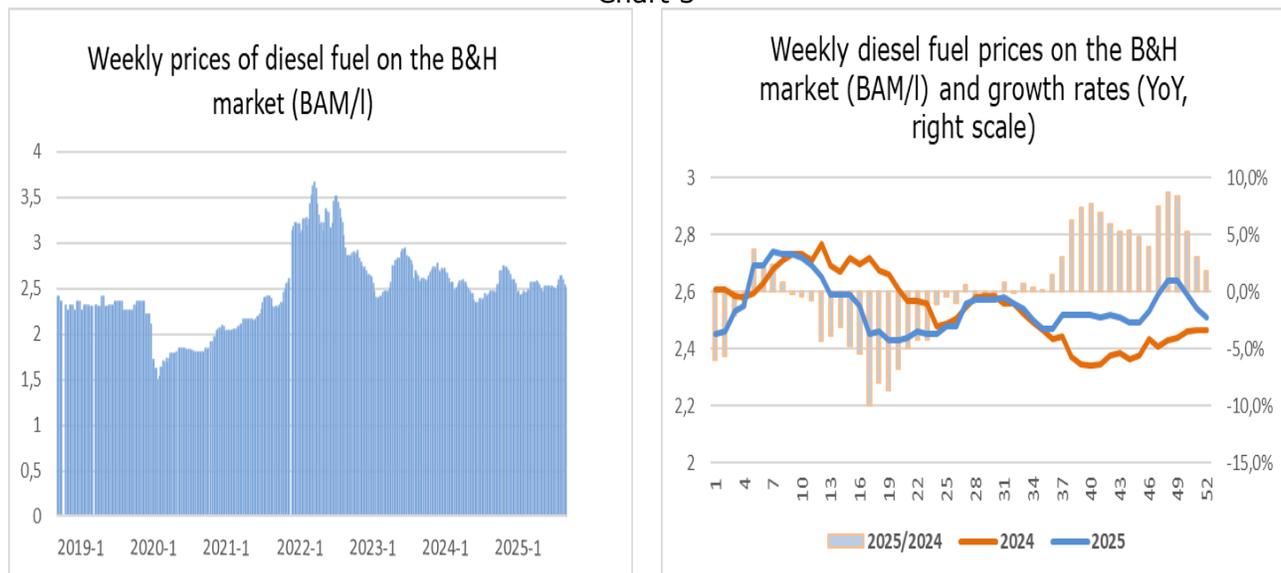
Table 1. Average weekly prices of diesel fuel on the B&H market

BAM/l	2019	2020	2021	2022	2023	2024	2025
min	2,26	1,50	1,80	2,29	2,39	2,34	2,43
max	2,41	2,36	2,40	3,66	2,94	2,77	2,74
range	0,15	0,86	0,60	1,37	0,55	0,43	0,31
coefficient of variation	1,9%	13,6%	7,5%	12,1%	6,4%	4,7%	3,3%

Source: Author's presentation based on the data from International Road Transport Union downloaded from the website of the Foreign Trade Chamber of Bosnia and Herzegovina

Compared to the same week last year, diesel fuel prices in 2025 were lower in the first four weeks of the year and from weeks 9 to 30, with the exception of a slight increase of 0.5% in the 27<sup>th</sup> week. Weekly growth rates (YoY) were positive from weeks 5 to 8, in week 27, and from week 31 until the end of the year (Chart 3, right).

Chart 3



Source: Author's presentation based on the data from International Road Transport Union downloaded from the website of the Foreign Trade Chamber of Bosnia and Herzegovina

## II Consumption of oil derivatives

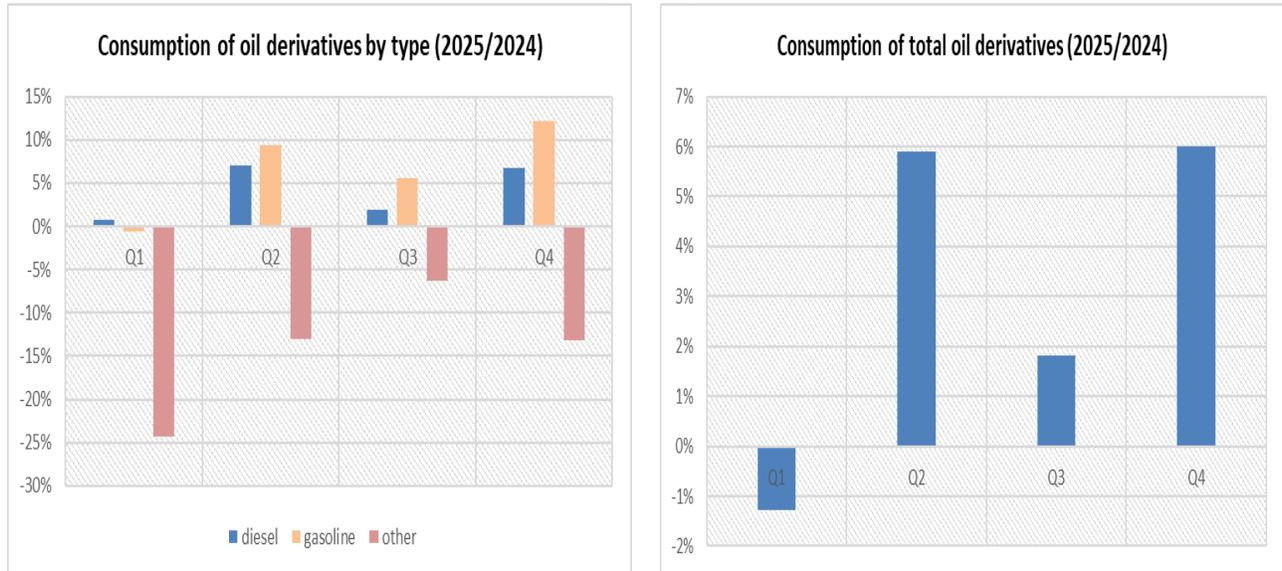
The consumption of oil derivatives<sup>7</sup> in 2025 reached the amount of 1.97 billion liters and was 3.2% higher than in 2024. Observed by type of derivative, the consumption of diesel fuel was higher by 4.1%, gasoline by 6.8% while the consumption of other derivatives (heating oil, kerosene, LPG) was lower by 13.6%.

Observed by quarter, the decline in the consumption of total derivatives compared to the previous year was realized only in the first quarter (-1.3%). In the second, third and fourth quarters, growth was achieved at rates of 5.9%, 1.8% and 6%, respectively. Given that the consumption of diesel fuel in 2025 had a share of 81.1% in the consumption of total oil derivatives, its movement mostly influenced the movement of the total quantities of derivatives (Chart 4, right). Gasoline consumption had a weight of about 12.9%, while the consumption of all other oil derivatives

<sup>7</sup> The term "consumption of derivatives" implies quantities of derivatives on which excises and road fees are paid.

accounted for only 6% and had no significant influence on the trend of the total consumption of derivatives in B&H.

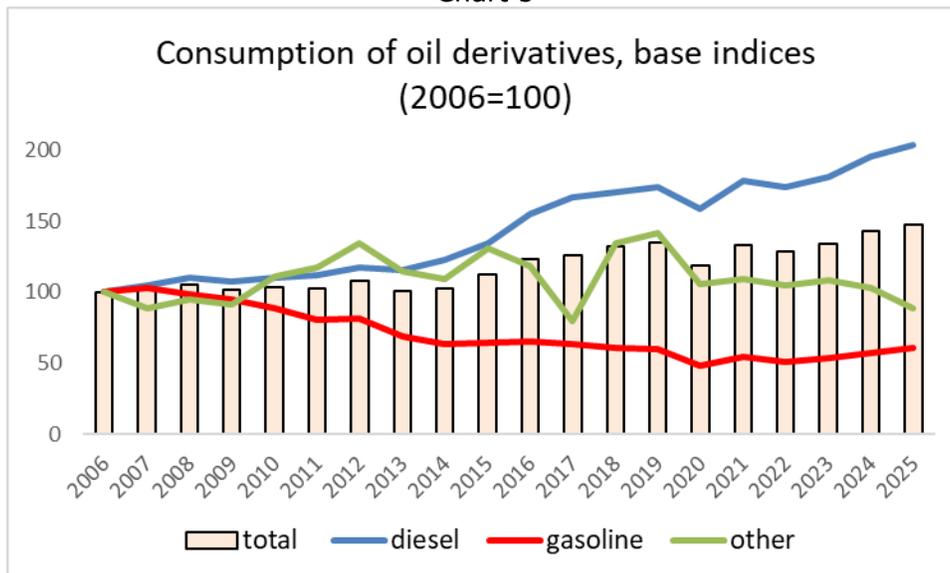
Chart 4



Source: Author's presentation based on the ITA data

The share of diesel fuel in the total consumption of oil derivatives was not always so high. In 2006, it was around 59%. Based on the base indices (2006=100) shown in Chart 5, a constant trend of increasing consumption of diesel fuel can be noticed in the past period, while the consumption of gasoline has been falling. The consumption of total derivatives in 2025 compared to 2006 was higher by about 43%. At the same time, the consumption of diesel fuel was higher by a high of 104.1%, while the consumption of gasoline was lower by 39.1% (Chart 5). The consumption of other derivatives (heating oil, kerosene, LPG) in 2025 was 11.3% lower compared to the base year, 2006, and given the low share in total consumption (6-13% per year, in the observed period), it did not have significant effects on the trend of total consumption of derivatives.

Chart 5



Source: Author's presentation based on the ITA data

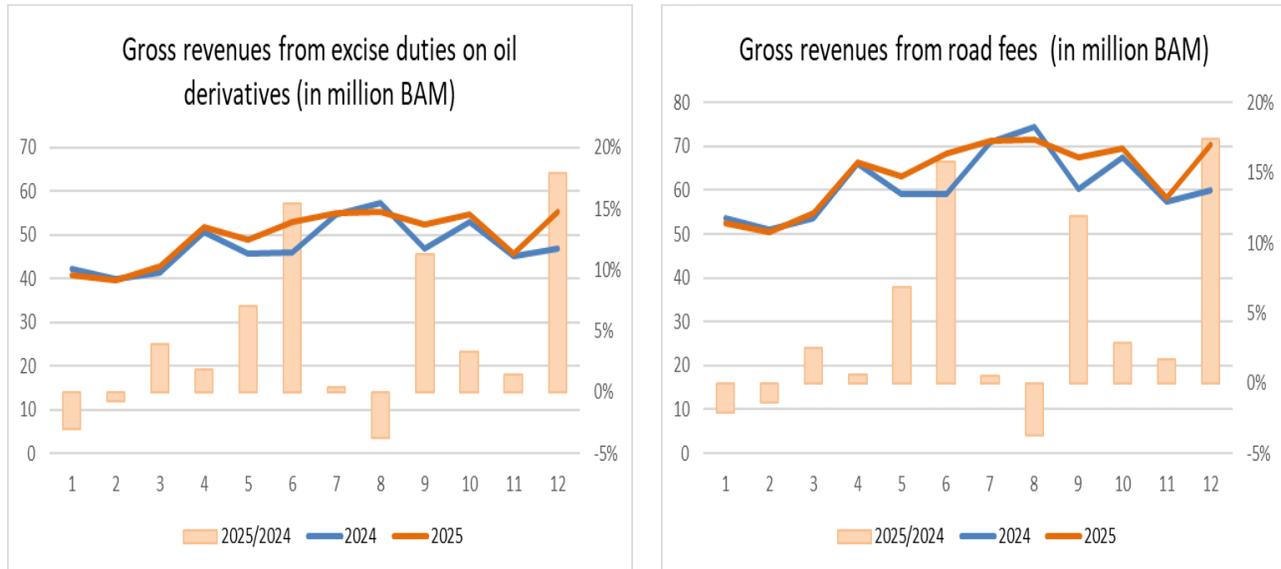
### III Revenues collected at the ITA SA based on oil derivatives

#### Trends in 2025

In 2025, 4.4% more gross revenue was collected from excise duties on oil derivatives and road fees (together) than in the previous year. Collected gross revenues based on excise duties on oil derivatives and road fees (together) reached a record amount of a significant 1.36 billion BAM in 2025. Gross revenues from road fees amounted to 764.4 million BAM and were 4.3% higher than in the previous year. Of this, 286.7 million BAM refers to road fees for road construction (0.15 BAM/l), and the rest of 477.8 to the earmarked road fee, i.e. road fee for highway construction (0.25 BAM/l). Gross revenues from excise duties on oil derivatives amounted to 595.6 million BAM, and their growth rate compared to 2024 was 4.5%.

Monthly growth rates varied strongly, in the case of revenues from excise duties on oil derivatives from -3.8% to +18%, and in the case of revenue from road fees in a similar range from -3.8% to +17.6%. An almost identical pattern of monthly revenues from excise and road fees can be observed, where the highest growth rates (YoY) were recorded in the last months of all four quarters (Chart 6).

Chart 6



Source: Author's presentation based on the ITA data

#### Long-term trends

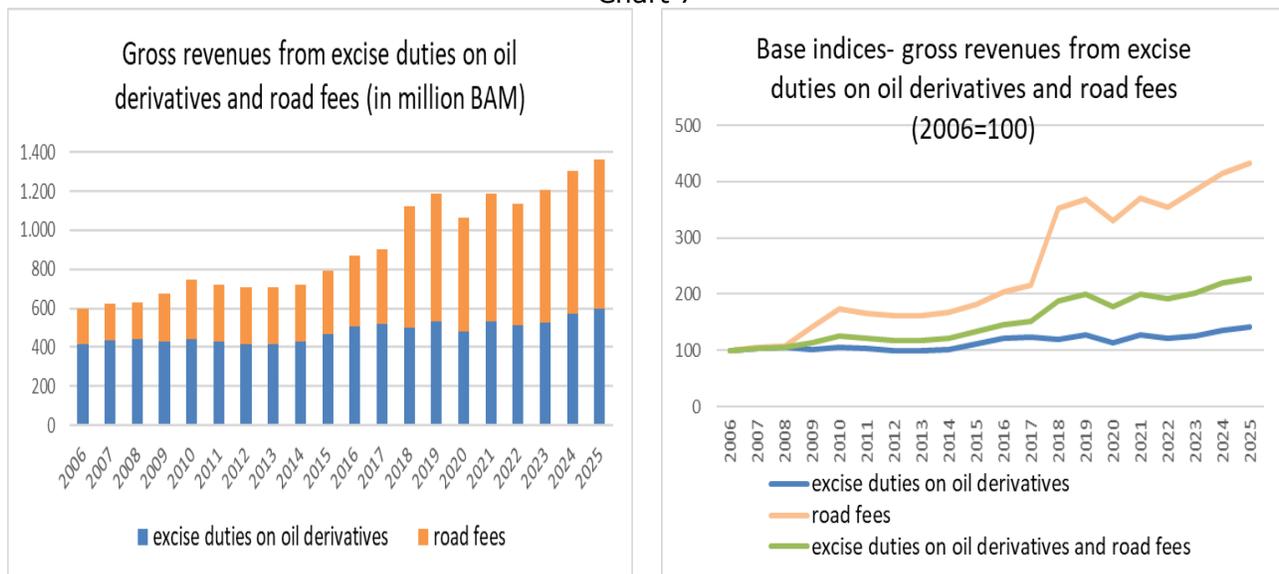
The long-term view (Chart 7) indicates a strong growth in revenues from oil derivatives related to excise and road fees. Compared to 2006, in 2025, the total gross revenues from road fees increased by a high 332.8%. On the other hand, gross revenues from excise duties on oil derivatives increased by only 42.4% in the mentioned period, which is almost equal to the growth rate of the total consumption of derivatives in the mentioned period (see Part II).<sup>8</sup> Observed together, gross revenues from excise duties on oil derivatives and road fees increased by 128.6% in the mentioned period (Chart 7, right).

<sup>8</sup> The growth rate is slightly lower than the growth rate of consumption of total derivatives (Part II) despite the increase in share of gasoline in total consumption, which is taxed at a higher excise rate than diesel. The reason is that the total consumption of derivatives analyzed in Part II, with the expansion of the taxable base for road fees, includes the consumption of liquid petroleum gas since 2018, the amounts of which are not negligible.

In addition to the level and structure of the tax base, the long-term flow of revenues from excise duties on oil derivatives and road fees was significantly influenced by tax rates.

Excise duty rates on oil derivatives did not change during the observed period. The exceptions were the amendments to the Law from 2017 (applicable from February 2018) when the excise duty rate on heating oil was increased from 0.30 BAM/l to 0.45 BAM/l and when the excise duty rates for liquid petroleum gas for the propulsion of motor vehicles and biofuels and bioliquids were set at 0.00 BAM/l and 0.30 BAM/l, respectively. On the other hand, there have been significant changes in taxation policy in the area of road fees. In mid-2009, the new Law on Excise Taxes<sup>9</sup> introduced an earmarked road fee for financing highways in the amount of 0.10 BAM/l. This increased the total road fee rate from 0.15 BAM/l to 0.25 BAM/l. With the amendments to the Law in 2017<sup>10</sup> (applicable from February 2018), the article regulating the base<sup>11</sup> and amount of the road fee was changed. The earmarked road fee rate was increased from 0.10 BAM/l to 0.25 BAM/l, and it was divided into 0.20 BAM/l for the construction of highways and 0.05 BAM/l, for the construction and reconstruction of other roads. This increased the total road fee rate from 0.25 BAM/l to 0.40 BAM/l.

Chart 7



Source: Author's presentation based on the ITA data

From all of the above, we can conclude that the following factors influenced the long-term growth of excise and road fee revenues (2006-2025)

1. Growth in the total base, i.e. the quantity of total taxable derivatives (Chart 5);
2. Growth in tax rates, which primarily refers to earmarked road fee;
3. Changes in the structure of the base. This primarily refers to the reduction in the consumption of heating oil (which, despite the increase in the excise rate in 2018, is less taxed than other derivatives because it is not subject to road fee) through a reduction in frauds in using heating oil as a fuel;
4. Non-existence of realization of releases of diesel fuel used for the needs of mines, thermal power plants and railways in 2023, 2024 and 2025.

<sup>9</sup>Official Gazette of B&H" No. 49/09

<sup>10</sup> "Official Gazette of B&H" No. 91/17

<sup>11</sup> According to the amendments, the road fee base additionally includes biofuel and bioliquids, as well as liquid petroleum gas for the propulsion of motor vehicles.

## Analysis of foreign trade exchange for 2025

(Author: Mirjana Popović, expert advisor – macroeconomist)

### Introduction

*The foreign trade of Bosnia and Herzegovina (hereinafter: BiH) represents one of the most important indicators of economic developments in the country, as it directly reflects the degree of openness of the economy, the competitiveness of domestic producers, the structure of production, and the economy's sensitivity to changes in the international environment. Trends in exports and imports play a significant role in shaping overall economic activity, the stability of the balance of payments, and fiscal revenues, and provide a relevant basis for the formulation of economic and trade policies.*

*During 2025, the foreign trade of BiH took place under complex global and regional economic conditions, marked by slower economic growth in certain key trading partners, shifts in international trade flows, and adjustments in price and monetary conditions in global markets. In such an environment, the dynamics of BiH's exports and imports reflect the combined impact of external factors and the internal structural characteristics of the domestic economy.*

*The aim of this analysis is to provide a comprehensive overview of BiH's trade in goods with the rest of the world in 2025, with a focus on key trends, changes in the volume and structure of trade, developments in the trade balance, as well as the geographical and product orientation of external trade. The analysis has been prepared as part of the regular publications of the Macroeconomic Analysis Unit and is intended for economic policy makers, experts, and the broader professional community.*

### Executive Summary

*The foreign trade of BiH constitutes a key segment of the country's overall economic activity, as it reflects its integration into international markets, the competitiveness of the domestic economy, and the effects of economic and trade policies. This analysis represents a continuation of the assessments published in previous issues of the Department's bulletin, with a focus on developments in BiH's foreign trade in 2025 compared to the preceding four years<sup>12</sup>.*

*The analysis covers annual trends in total foreign trade, exports and imports, as well as changes in BiH's trade balance. Particular emphasis is placed on the structure of trade by foreign trade regions, with trade observed through a classification into developed countries (European Union,<sup>13</sup> EFTA<sup>14</sup> and other developed countries<sup>15</sup>) and developing countries (CEFTA,<sup>16</sup> European developing countries, Asian developing countries and other developing countries<sup>17</sup>). In addition, the analysis provides an overview of foreign trade with the most significant trading partners, as well as the commodity structure of trade.*

*Based on the available data, it is possible to identify the main trends in BiH's foreign trade in 2025, changes in the structure of key export and import products, as well as developments in the trade deficit and the coverage of imports by exports. The objective of the analysis is to provide an up-to-date and systematic overview of BiH's external trade developments in 2025, identify key*

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<sup>12</sup> Due to the outbreak of the COVID-19 pandemic, an analysis including 2020 is not considered relevant for comparative purposes.

<sup>13</sup> 27 Member States of the European Union

<sup>14</sup> Switzerland, Norway, Iceland and Liechtenstein (European Free Trade Association – EFTA)

<sup>15</sup> Australia, Japan, Canada, the United States, Türkiye, the United Kingdom, and others

<sup>16</sup> Albania, Montenegro, North Macedonia, Moldova, Serbia, UNMIK/Kosovo (Central European Free Trade Agreement – CEFTA, which also includes B&H)

<sup>17</sup> African and American developing countries

*trends and challenges, and contribute to a better understanding of the factors shaping the country's foreign trade flows.*

*The results of the analysis provide a relevant analytical basis for economic policy makers, business entities and the professional community, with a view to identifying opportunities to improve foreign trade performance, strengthen the competitiveness of the domestic economy, and support the sustainable economic development of BiH.*

## **Methodology**

*The analysis of foreign trade is based on official data published by the Agency for Statistics of Bosnia and Herzegovina, compiled in accordance with international statistical standards and the applicable methodology for merchandise trade statistics.*

*Data on exports and imports of goods are collected on the basis of customs declarations, while the statistical processing and dissemination of data are carried out in line with the methodology of the Agency for Statistics of Bosnia and Herzegovina. The values of foreign trade are expressed in convertible marks (BAM), based on the customs value of goods.*

*The analysis covers nominal trends in exports and imports, whereby the reported changes reflect the combined effects of price and volume movements. Comparative analyses are conducted in relation to the previous period, using annual aggregate data.*

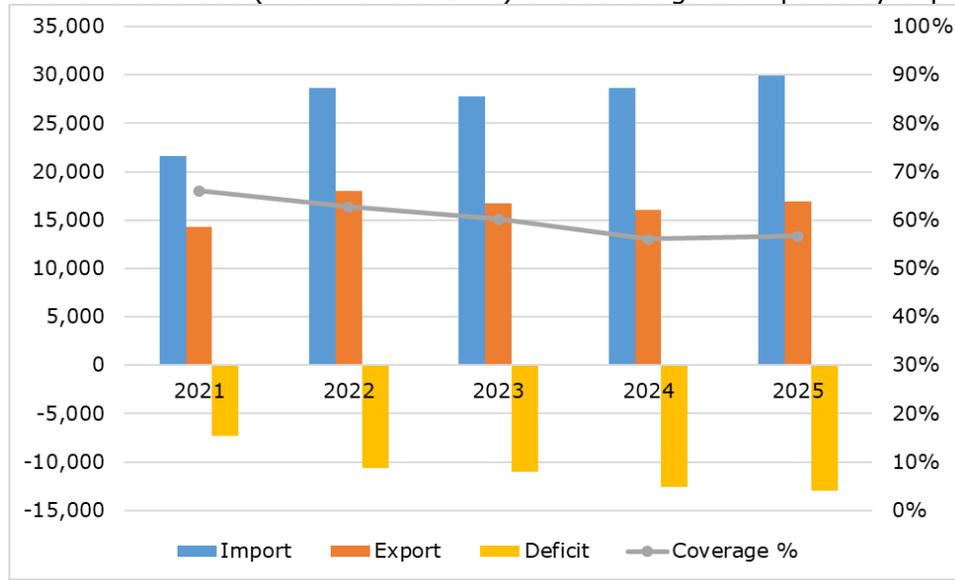
*The structural analysis of foreign trade is carried out by product type, in accordance with the Standard international trade classification, as well as by geographical orientation of trade. All data used are of an official statistical nature and are subject to subsequent revisions, in line with the standard statistical practice of the Agency for Statistics of Bosnia and Herzegovina.*

## **1. Annual Trends in Foreign Trade**

BiH's foreign trade in the period 2021–2025 indicates a pronounced imbalance between imports and exports, with a persistent foreign trade deficit. The volume and structure of merchandise trade during the observed period were determined by a combination of external and internal factors, most notably global economic trends, movements in energy and raw material prices on international markets, inflationary pressures, as well as changes in demand in the main export markets.

Chart 1 presents the annual trends in BiH's merchandise trade with the rest of the world for the period 2021–2025. The chart displays the values of imports, exports, and the recorded foreign trade deficit in millions of convertible marks (BAM) (left vertical axis) as well as the coverage of imports by exports expressed in percentages (right vertical axis).

Chart 1. Merchandise trade (in millions of BAM) and coverage of imports by exports (in %)



Source: Agency for Statistics of Bosnia and Herzegovina, MAU overview

In 2025, exports increased by 5.6% and imports rose by 4.5% compared to the previous year, while the foreign trade deficit increased by 3.2%. As a result of these developments, the annual coverage of imports by exports stood at 56.7%, representing an increase of 0.6 p.p. compared to 2024.

Looking at a longer-term perspective, imports in 2025 grew by 7.9% and exports by 1.6% compared to 2023, while compared to 2022 imports increased by 4.6% and exports decreased by 5.6%. These trends indicate a weakening of export dynamics, while the domestic economy continues to exhibit a high level of import dependence.

Compared to 2021, which marked the recovery period following the outbreak of the COVID-19 pandemic, imports in 2025 were by 38.7% and exports by 18.9% higher. However, the growth in foreign trade volume largely reflects rising prices rather than a real increase in the physical volume of exports and imports. High inflation rates and increases in energy and raw material prices had a strong impact on nominal trade values, contributing to the widening of the foreign trade deficit.

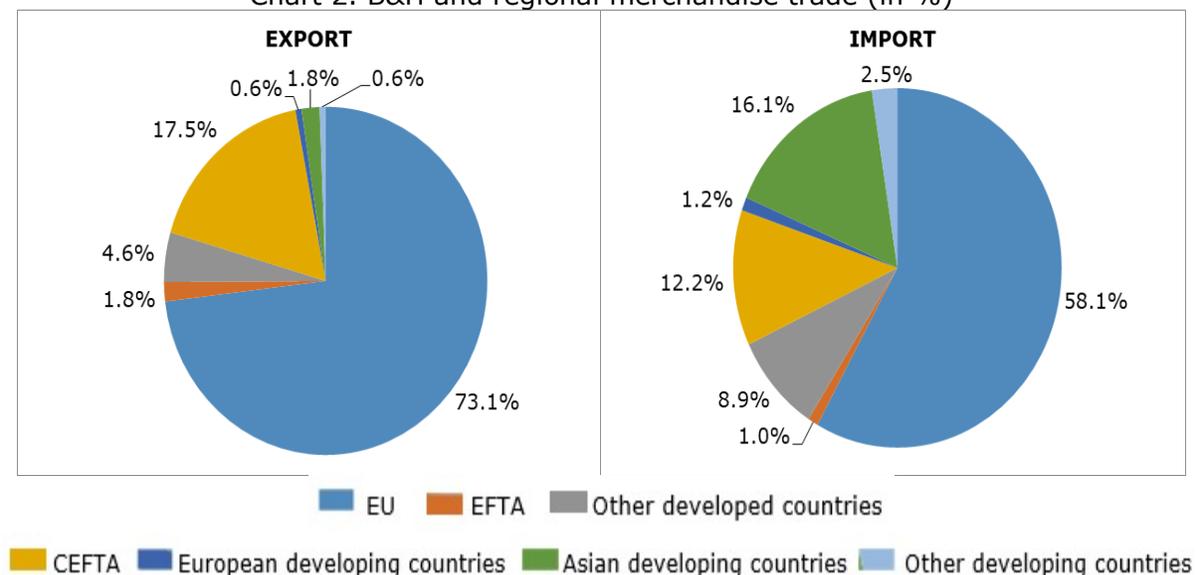
These developments highlight the need to further strengthen export potential, diversify the export structure, and reduce import dependence in key sectors. At the same time, the analysis underscores the importance of continuous monitoring of foreign trade flows and implementing economic policy measures that could help reduce the trade deficit and improve BiH's external trade performance.

## 2. Bosnia and Herzegovina's foreign trade by major regions

As a small and open economy, Bosnia and Herzegovina is highly dependent on foreign trade with the European Union and regional countries. The volume and structure of trade flows are influenced by a range of factors, notably the institutional framework of trade relations, the implementation of customs and trade policies, exchange rate stability and developments in the international economic environment.

Chart 2 presents the percentage share of the main foreign trade regions in BiH's total foreign trade in 2025, providing an overview of the geographical structure of trade and the degree of concentration of trade across different regions.

Chart 2. B&amp;H and regional merchandise trade (in %)



Source: Agency for Statistics of Bosnia and Herzegovina, MAU overview

## 2.1. Trade in goods between Bosnia and Herzegovina and developed countries in 2025

### European Union

The European Union remains the most significant foreign trade partner of Bosnia and Herzegovina, accounting for 73.1% of total exports and 58.1% of total imports in 2025. Compared to 2024, exports of Bosnia and Herzegovina to EU Member States increased by 5.6%, while imports from these countries recorded a growth of 2.7%. The import coverage ratio reached 71.3%, representing an increase of 1.9 p.p.

Despite the growth in nominal values, total trade in goods with the EU shows signs of deceleration, primarily reflecting weaker economic activity within the EU, reduced external demand and broader economic uncertainties that affected the export performance of certain products from BiH.

Compared to 2023, exports to EU countries increased by 1.8%, while imports rose by 6.3%. Relative to 2022, exports declined by 6.2%, whereas imports were higher by 6.8%. From a longer-term perspective, compared to 2021, exports to EU countries in 2025 were higher by 19.3%, while imports increased by 36.7%.

Although export growth and the improvement in the import coverage ratio are positive developments, long-term data indicate that imports from EU countries continue to grow at a faster pace than exports. This trend results in a persistent trade deficit and further strengthens Bosnia and Herzegovina's structural dependence on the EU market.

### EFTA countries

In 2025, EFTA countries accounted for 1.8% of total exports and 1.0% of total imports of Bosnia and Herzegovina. Compared to 2024, exports to these countries increased by 4.9%, while imports recorded a stronger growth of 13.1%. The import coverage ratio stood at 108.0%, representing a decrease of 8.4 p.p. compared to the previous year.

Compared to 2023, exports to EFTA countries increased by 5.7%, while imports surged by as much as 44.9%. Relative to 2022, exports recorded a slight decline (-0.7%), whereas imports increased by 49.2%. In comparison with 2021, exports to EFTA countries decreased by 18.1%, while imports registered a pronounced increase of 67.4%, indicating a significant deterioration of the trade balance with this group of countries over the long term.

Over the longer term, trade in goods with EFTA countries reflects markedly unfavorable trends, as the strong growth in imports substantially outpaces export performance. This dynamic has resulted in a worsening trade balance and a decline in the import coverage ratio.

### **Other developed countries (outside the EU and EFTA)**

Other developed countries that are not members of the EU or EFTA accounted for 4.6% of total exports and 8.9% of total imports of B&H in 2025. Compared to 2024, exports to these countries increased by 7.6%, while imports decreased by 5.3%. The import coverage ratio reached 29.1%, representing an improvement of 3.5 p.p. compared to the previous year.

Compared to 2023, exports increased by 25.8%, while imports declined by 6.8%. Relative to 2022, exports were higher by 26.0%, whereas imports were lower by 13.0%. From a long-term perspective, in 2025 exports to these countries were 20.5% higher than in 2021, while imports increased by 19.6% over the same period.

Although certain improvements were recorded in 2025, trade in goods between Bosnia and Herzegovina and other developed countries continues to be characterized by a high level of imports and a low import coverage ratio, indicating a persistently unfavorable trade relationship.

## **2.2. Trade in goods between Bosnia and Herzegovina and developing countries in 2025**

### **CEFTA countries**

CEFTA countries, among which Serbia, Montenegro and North Macedonia account for the largest share of trade in goods with Bosnia and Herzegovina, represented 17.5% of total exports and 12.2% of total imports of BiH in 2025. Compared to 2024, exports to CEFTA countries increased by 6.4%, while imports from these countries rose by 6.2%. The import coverage ratio stood at 80.9%, reflecting a slight improvement of 0.2 p.p. compared to the previous year.

Compared to 2023, exports to CEFTA countries in 2025 declined by 5.0%, while imports increased by 13.0%. Relative to 2022, exports decreased by 10.3%, whereas imports rose by 4.1%. From a long-term perspective, compared to 2021, exports to CEFTA countries in 2025 were higher by 23.2%, while imports from these countries increased by 32.6%, indicating a more pronounced growth in imports relative to exports and a gradual deterioration of the trade balance with this group of countries.

Although CEFTA countries continue to maintain a relatively high import coverage ratio, long-term trends point to faster import growth compared to exports, leading to a gradual worsening of Bosnia and Herzegovina's trade balance with this group of countries.

### **Other European developing countries**

In 2025, Bosnia and Herzegovina's trade in goods with other European developing countries accounted for 0.6% of total exports and 1.2% of total imports. The majority of this trade relates to Russia, which represents 88.8% of exports and 73.9% of imports within this group of countries.

Compared to 2024, exports of Bosnia and Herzegovina to these countries declined by 1.9%, while imports recorded a significantly stronger decrease of 15.7%. The import coverage ratio stood at 29.4%, reflecting an improvement of 4.1 p.p. compared to the previous year.

Relative to 2023, exports to other European developing countries decreased by 10.1%, while imports fell by 32.6%. Compared to 2022, exports were lower by 10.9%, whereas imports declined by as much as 55.1%. From a long-term perspective, compared to 2021, exports decreased by 11.2% and imports by 47.6%, indicating a continuous contraction in the volume of trade with this group of countries, accompanied by an improvement in the import coverage ratio primarily driven by a sharper decline in imports rather than by export growth.

Overall, trade in goods between BiH and other European developing countries has been characterized by a sustained reduction in volume, with the improvement in the import coverage ratio stemming mainly from the stronger contraction of imports rather than from an expansion of exports.

### **Developing Asian countries**

In trade with the group of developing Asian countries, among which China is the most significant foreign trade partner, Bosnia and Herzegovina accounted for 1.8% of total exports and as much as 16.1% of total imports in 2025. Of the total imports from this group, 66.8% relate to imports from China, confirming a high degree of concentration of trade with this country. Compared to 2024, exports of B&H to developing Asian countries increased by 9.7%, while imports recorded a stronger growth of 18.5%. The import coverage ratio amounted to only 6.5%, representing a decrease of 0.5 p.p. compared to the previous year and indicating a markedly unfavorable trade balance with this group of countries.

Compared to 2023, exports were higher by 31.8%, while imports increased by 23.4%. Relative to 2022, exports rose by 26.6%, and imports by 20.0%. From a long-term perspective, compared to 2021, exports of B&H to developing Asian countries in 2025 were higher by 78.3%, while imports increased by as much as 85.2%, pointing to a strong expansion of trade, but accompanied by a further deepening of the trade deficit.

Trade in goods with developing Asian countries is characterized by a pronounced imbalance, given the strong and sustained growth in imports that significantly outpaces export performance, resulting in an extremely low import coverage ratio and a widening trade deficit.

### **Other African and American developing countries**

Other African and American developing countries accounted for 0.6% of total exports and 2.5% of total imports of Bosnia and Herzegovina in 2025. Compared to 2024, exports to these countries declined by 22.0%, while imports increased by 9.1%. The import coverage ratio stood at 13.0%, representing a deterioration of 5.2 p.p. compared to the previous year.

Compared to 2023, exports to these countries in 2025 were lower by 20.9%, while imports increased by 16.1%. Relative to 2022, exports decreased by 33.6%, whereas imports from other African and American developing countries recorded a slight increase of 2.6%. From a long-term perspective, compared to 2021, exports of B&H to these countries declined by 36.0%, while imports increased by as much as 88.3%, indicating markedly unfavorable trends in trade with this group of countries.

Trade in goods between BiH and this group of countries has been characterized by a sharp decline in exports accompanied by a simultaneous increase in imports, resulting in a pronounced deterioration of the trade balance and a very low import coverage ratio.

### 3. Foreign Trade of Bosnia and Herzegovina by main trading partners

Bosnia and Herzegovina is a small and open economy whose economic growth and stability largely depend on the intensity and structure of foreign trade with its key trading partners. In this context, the following section provides an overview of trade in goods between BiH and its key foreign trade partners, with the aim of identifying the main trends and changes in trade flows.

Table 1 presents the share of exports to the ten main export partners of BiH over the observed five-year period. The table also includes growth rates, i.e. declines in exports in 2025 compared to the previous four years, thereby enabling a comparative analysis of export dynamics across individual markets.

Table 1. Exports from BiH by partner (in %)

BH EXPORT (% of participation)										
No.	Country	2025	2024	2023	2022	2021	change in relation to 2024 (%)	change in relation to 2023 (%)	change in relation to 2022 (%)	change in relation to 2021 (%)
1	Croatia	18.1	16.1	15.3	14.9	13.1	18.2	20.3	14.6	64.5
2	Germany	14.4	15.3	16.1	14.8	15.0	-0.7	-8.9	-8.5	14.2
3	Serbia	11.2	11.4	12.5	13.1	12.1	3.7	-8.7	-19.3	10.7
4	Austria	9.2	9.8	10.3	9.5	9.0	-1.4	-9.4	-9.2	20.9
5	Slovenia	8.3	8.2	8.1	7.9	8.5	5.8	3.4	-1.3	15.1
6	Italy	7.5	7.9	8.7	11.1	11.3	0.3	-12.3	-36.1	-20.9
7	Montenegro	4.1	3.7	4.1	3.2	2.8	17.2	1.3	21.2	77.1
8	Turkey	2.4	2.0	1.6	1.7	2.5	29.7	58.1	32.7	15.5
9	the Netherlands	2.3	2.6	2.5	2.3	2.5	-8.7	-8.0	-9.1	6.6
10	Czech Republic	2.1	2.0	1.4	1.2	1.2	9.7	55.9	68.1	108.2
	other countries	20.5	20.9	19.6	20.2	22.1	-5.3	-1.3	-11.5	-0.8
	total	100.0	100.0	100.0	100.0	100.0				

Source: Agency for Statistics of Bosnia and Herzegovina, MAU overview

The most important export partner of Bosnia and Herzegovina in 2025 was Croatia, accounting for 18.1% of total exports. This further strengthened its position as the largest single market for Bosnian exports as well as the most significant export partner within the European Union. Compared to the previous year, exports to Croatia recorded a strong growth of 18.2%, while the increase relative to 2023 amounted to 20.3%, indicating a continued trend of strengthening trade relations with this market.

In second place is Germany, representing 14.4% of total exports from BiH. In 2025, exports to Germany experienced a slight decline compared to the previous three years. Exports decreased by 0.7% relative to 2024 and by 8.9% compared to 2023, which may suggest weakening demand or changes in the structure of country's exports to this market.

Among the CEFTA countries, Serbia remains the most significant partner, accounting for 11.2% of total country's exports. Although exports grew by 3.7% compared to 2024, exports to Serbia recorded a significant decline compared to 2023 and 2022, indicating a medium-term weakening of export dynamics towards this market.

Austria was the fourth most important export partner of BiH in 2025, accounting for 9.2% of total exports. Exports to Austria declined compared to the previous three years, while a longer-term comparison with 2021 shows an increase of 20.9%. Slovenia recorded a stable and slightly rising share of total exports, with export growth of 5.8% compared to 2024, confirming the continuity of trade relations with this market.

Exports to Italy continued a downward trend in 2025, with a pronounced decline of 36.1% compared to 2022 and 20.9% relative to 2021, placing Italy among the few major partners experiencing a prolonged decrease in exports.

On the other hand, significant export growth was recorded for several smaller markets. Exports to Montenegro increased by 17.2% compared to 2024 and by as much as 77.1% relative to 2021. Exports to Turkey recorded strong growth across all observed comparisons, particularly compared to 2023 (58.1%). Turkey appeared for the first time among Bosnia and Herzegovina's ten most important export markets during the observed period, as it had not been part of this group in previous years, reflecting changes in the structure and geographic orientation of country's exports in 2025. Notably, the Czech Republic recorded the highest relative export growth of 108.2% compared to 2021, highlighting the increasing importance of this market for country's exporters.

Overall, the structure of country's exports in 2025 indicates a continued reliance on markets within the European Union and the CEFTA region, alongside a noticeable diversification of exports toward several smaller but growing markets. At the same time, a slowdown in export activity is evident for some traditionally important partners, highlighting the need for further adjustment of the export structure and strengthening the competitiveness of country's products in the international market.

**Table 2** presents the share of imports from the ten most important import partners of BiH over the observed five-year period. The table also includes growth or decline rates in imports in 2025 compared to the previous four years, enabling a comparative analysis of import dynamics across individual markets.

Table 2. Imports to BiH by partner (in %)

BH IMPORT (% of participation)										
No.	Country	2025	2024	2023	2022	2021	change in relation to 2024 (%)	change in relation to 2023 (%)	change in relation to 2022 (%)	change in relation to 2021 (%)
1	Italy	11.8	12.9	13.9	12.4	12.0	-4.6	-8.7	-0.2	35.9
2	Germany	11.4	11.8	12.0	10.5	11.9	1.3	2.6	14.4	33.5
3	China	10.7	9.6	9.5	8.1	7.9	16.6	22.4	38.3	89.0
4	Serbia	10.5	10.3	10.2	10.7	11.2	6.6	11.3	3.0	29.7
5	Croatia	8.6	7.5	7.5	9.9	8.9	20.4	23.0	-9.4	34.0
6	Turkey	5.5	5.8	5.5	5.8	5.9	-1.3	6.6	-2.0	29.3
7	Slovenia	3.5	3.8	3.9	3.9	4.6	-2.5	-1.7	-5.1	7.3
8	Austria	3.5	3.5	3.6	3.5	3.8	2.2	3.8	3.2	25.7
9	Poland	3.2	3.3	3.1	2.7	2.9	1.1	9.7	21.5	55.1
10	Hungary	2.3	2.4	2.2	2.4	2.7	1.0	12.5	1.4	22.1
	other countries	28.9	29.0	28.4	30.0	28.3	4.2	9.6	0.7	41.8
	total	100.0	100.0	100.0	100.0	100.0				

Source: Agency for Statistics of Bosnia and Herzegovina, MAU overview

The most important import partner of Bosnia and Herzegovina in 2025 remained Italy, accounting for 11.8% of total imports, although its relative significance slightly decreased compared to previous years. Italy, together with Germany, which represents 11.4% of total imports, continues to be the most important import partners from the European Union, confirming the strong integration of the country's market with the EU.

The structure of imports in 2025 shows a change in the ranking of key partners, with China and Serbia switching positions compared to the previous year. China, with a share of 10.7%, became the third-largest import partner of BiH, while Serbia, at 10.5%, ranks fourth. Within the CEFTA

region, Serbia remains the most important individual partner, while China continues to be the dominant source of imports from the group of developing Asian countries.

In addition to the import structure, the table also shows changes in import values in 2025 compared to previous years. Compared to 2024, the largest increases in imports were recorded from China (16.6%), Croatia (20.4%), and Serbia (6.6%), while imports from Italy (-4.6%), Slovenia (-2.5%), and Turkey (-1.3%) declined. Import growth from China continued relative to 2023 and 2022, confirming a long-term trend of increasing import dependence on this market.

Compared to 2022, the most pronounced import growth was observed from China (38.3%), Poland (21.5%), and Germany (14.4%), whereas imports from Croatia and Turkey in 2025 remained below the 2022 level. A longer-term comparison with 2021 shows that imports from all main partner countries have increased, with particularly notable growth from China (89.0%), Poland (55.1%), Italy (35.9%), Croatia (34.0%), and Germany (33.5%).

Overall, the structure of Bosnia and Herzegovina's imports in 2025 indicates a continued pronounced diversification of import sources, with strong growth in imports from countries with more competitive prices and lower production costs such as China, Poland, and Hungary. At the same time, although European Union countries still dominate total imports, their relative share shows a gradual decline, reflecting the adaptation of the country's market to limited purchasing power and the increasing importance of price competitiveness in the consumption structure.

#### 4. Foreign trade of Bosnia and Herzegovina by product type

In 2025, Bosnia and Herzegovina's foreign trade exhibited certain changes in both volume and structure. A detailed analysis by product type shows that the energy sector, the metal industry and the automotive sector hold particular significance in the country's trade, representing a substantial share of both exports and imports.

**Table 3** presents the share of exports by the ten most important product groups over the analyzed five-year period. The table also shows the percentage increase or decrease in exports of each product type in 2025 compared to the previous four years.

Table 3. Exports from BiH by product groups, 2021–2025 (in %)

BH EXPORT (% of participation)							change in relation to 2024 (%)	change in relation to 2023 (%)	change in relation to 2022 (%)	change in relation to 2021 (%)	
No.	code	Code description	2025	2024	2023	2022					2021
1	85	Electrical machinery and equipment and parts thereof; sound recording or reproducing apparatus; television sets, etc.	9.2	9.3	8.5	7.3	7.6	3.6	9.3	19.3	43.0
2	84	Nuclear reactors, boilers, machinery, apparatus and mechanical appliances; their parts	7.5	7.8	7.9	6.6	6.7	1.3	-3.8	7.3	32.6
3	73	Iron and steel products	6.9	7.0	7.3	7.5	7.2	3.9	-5.1	-13.4	13.0
4	94	Furniture; bed equipment and like products; lamps and other lighting fixtures	6.9	7.4	7.8	7.8	8.8	-3.9	-12.9	-18.6	-8.9
5	27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	6.5	6.5	9.5	9.9	8.6	6.2	-30.2	-37.7	-9.3
6	44	Wood and wood products; charcoal	5.9	5.7	5.9	6.5	6.8	8.6	2.1	-15.0	3.0
7	76	Aluminum and aluminum products	5.2	5.4	5.1	8.8	6.6	2.4	3.2	-43.9	-5.9
8	39	Plastics and plastic products	4.7	4.8	4.7	4.5	4.6	4.4	2.7	-1.0	22.9
9	28	Inorganic chemical products; organic and inorganic compounds of precious metals, radioactive elements, etc.	4.3	4.9	5.0	5.4	4.6	-7.0	-12.4	-24.7	11.9
10	87	Vehicles other than railway or tramway rolling-stock and parts and accessories thereof	4.2	4.0	3.5	2.8	2.7	10.1	22.0	42.6	85.7
I		Total (1 to 10)	61.1	62.8	65.3	67.0	64.1				
II		Other products	38.9	37.2	34.7	33.0	35.9				
		TOTAL (I + II)	100.0	100.0	100.0	100.0	100.0				

Source: Agency for Statistics of Bosnia and Herzegovina, MAU overview

The manufacturing industry sector continued to play a key role in the export structure of Bosnia and Herzegovina in 2025. The largest share of exports was once again generated by products at higher stages of processing, primarily electrical machinery and equipment, machinery and mechanical appliances, metal products, furniture, wood products, and aluminum products. The ten most significant export product groups accounted for 61.1% of total exports in 2025, slightly lower than in 2024 (62.8%), yet still indicating a high level of export concentration. Although agricultural and food products are not among the ten leading export groups presented in the table, they continue to make a significant contribution to total exports, particularly through meat and dairy exports.

Compared to 2024, export growth in 2025 was recorded for the majority of the observed product groups. The strongest increase was registered in product group 87 – Vehicles and their parts (10.1%), followed by group 44 – Wood and wood products (8.6%), group 27 – Mineral fuels, mineral oils and products of their distillation (6.2%), group 39 – Plastics and plastic products (4.4%) as well as group 73 – Iron and steel products (3.9%) and group 85 – Electrical machinery and equipment (3.6%). At the same time, a decline compared to 2024 was recorded in group 94 – Furniture and related products (-3.9%) and group 28 – Inorganic chemical products (-7.0%), while aluminum products (group 76) registered moderate growth of 2.4%.

Compared to 2023, exports in 2025 increased for product groups 87 – Vehicles and their parts (22.0%), 85 – Electrical machinery and equipment (9.3%), 76 – Aluminum and aluminum products (3.2%), 39 – Plastics and plastic products (2.7%) and 44 – Wood and wood products (2.1%). The most significant decline relative to 2023 was recorded in group 27 – Mineral fuels (-30.2%), followed by group 94 – Furniture (-12.9%) and group 28 – Inorganic chemical products (-12.4%), while metal products (group 73) declined by 5.1%.

Observed relative to 2022, exports in 2025 recorded growth in only three product groups: Group 87 – Vehicles and their parts (42.6%), Group 85 – Electrical machinery and equipment (19.3%) and Group 84 – Nuclear reactors (7.3%). All other major product groups registered a decline in exports, most notably Group 76 – Aluminium products (-43.9%), Group 27 – Mineral fuels (-37.7%) and Group 28 – Inorganic chemical products (-24.7%).

Compared with 2021, the majority of the most significant export groups in 2025 recorded an increase in export value. The most pronounced growth was observed in Group 87 – Vehicles and their parts (85.7%), followed by Group 85 – Electrical machinery and equipment (43.0%), Group 84 – Nuclear reactors (32.6%) and Group 39 – Plastics and plastic products (22.9%). At the same time, a decline relative to 2021 was recorded in exports of furniture, aluminium, and mineral fuels.

Based on the presented data, it can be concluded that exports of B&H in 2025 were characterised by a moderate recovery compared to the previous year, yet they continue to exhibit pronounced structural weaknesses. Export growth is primarily concentrated in the machinery and equipment sector, i.e. in products with higher value added, while most traditional export groups, particularly energy products, aluminium, and chemical products, show a long-term downward trend compared to earlier years. These developments indicate a gradual, though still insufficiently robust, transformation of the export structure, marked by a strong dependence on a limited number of production sectors and increased exposure to external market shocks.

Table 4 presents the share of imports by the ten most significant product groups over the analysed five-year period. The table also shows the percentage increase or decrease in imports of specific product groups in 2025 compared to the previous four years.

Table 4. Imports of BiH by product groups, 2021–2025 (in %)

BH IMPORT (% of participation)							change in relation to 2024 (%)	change in relation to 2023 (%)	change in relation to 2022 (%)	change in relation to 2021 (%)	
No.	code	Code description	2025	2024	2023	2022					2021
1	27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	11.6	12.2	13.2	16.6	11.9	-0.9	-5.7	-26.9	34.3
2	84	Nuclear reactors, boilers, machinery, apparatus and mechanical appliances; their parts	8.7	8.7	8.6	7.2	7.8	4.9	9.0	26.9	54.0
3	87	Vehicles other than railway or tramway rolling-stock and parts and accessories thereof	7.9	7.8	7.5	5.4	6.2	6.5	14.3	52.7	77.1
4	85	Electrical machinery and equipment and parts thereof; sound recording or reproducing apparatus; television sets, etc.	6.4	6.6	6.9	5.8	5.9	2.2	0.2	16.3	50.8
5	39	Plastics and plastic products	5.1	5.2	5.2	5.6	6.2	1.8	6.5	-4.4	13.5
6	72	Iron and steel	3.6	3.8	3.8	4.6	4.5	-1.7	0.9	-18.9	10.1
7	30	Pharmaceutical products	3.4	3.3	3.1	2.7	3.6	8.0	19.0	31.5	31.3
8	76	Aluminum and aluminum products	3.0	2.6	3.2	5.4	3.9	20.7	2.4	-42.2	5.6
9	73	Iron and steel products	2.6	2.6	2.9	2.7	3.0	3.8	-1.5	2.2	18.7
10	74	Copper and copper products	2.4	2.2	2.0	1.7	1.9	10.7	26.8	45.4	75.7
I		Total (1 to 10)	54.7	55.1	56.4	57.7	55.1				
II		Other products	45.3	44.9	43.6	42.3	44.9				
		TOTAL (I + II)	100.0	100.0	100.0	100.0	100.0				

Source: Agency for Statistics of Bosnia and Herzegovina, MAU overview

Energy products, namely mineral fuels, mineral oils and products of their distillation, continued to account for the largest share of Bosnia and Herzegovina's imports in 2025. However, their relative importance declined further compared to previous years. In 2025, this product group accounted for 11.6% of total imports, representing a decrease compared to 2024, 2023, and particularly

2022. This trend primarily reflects lower import prices of energy products and adjustments in domestic consumption.

Machinery, mechanical appliances and transport equipment remained among the most significant components of total imports, indicating the structural dependence of the domestic economy on imported investment and technological equipment. In 2025, imports increased in Group 84 – Nuclear reactors (4.9%), and particularly in Group 87 – Vehicles and their parts (6.5%), while imports of electrical machinery and equipment (Group 85) recorded moderate growth of 2.2% compared to 2024. Among the ten most significant import product groups, the strongest increase in 2025 relative to 2024 was recorded in Group 76 – Aluminium products (20.7%), Group 74 – Copper and copper products (10.7%) and Group 30 – Pharmaceutical products (8.0%). Conversely, imports declined compared to the previous year in Group 27 – Mineral fuels (-0.9%) and Group 72 – Iron and steel (-1.7%).

Compared with 2023, the most pronounced growth in imports in 2025 was observed in Group 74 – Copper and copper products (26.8%), Group 30 – Pharmaceutical products (19.0%) and Group 87 – Vehicles and their parts (14.3%), while a decline was recorded in iron and steel products (Group 73) (-1.5%) and in energy products (Group 27) (-5.7%).

Observed relative to 2022, the majority of product groups continued to record import growth in 2025, with the exception of mineral fuels (-26.9%), plastics (-4.4%), iron and steel (-18.9%) and aluminium (-42.2%). The most significant increases in imports compared to 2022 were recorded in vehicles (52.7%), copper (45.4%), pharmaceutical products (31.5%) and reactors, machinery and equipment (26.9%).

Compared with 2021, imports in 2025 registered a pronounced increase across all observed product groups. Particularly notable were the increases in vehicles (77.1%), copper (75.7%), machinery and mechanical devices (54.0%) and electrical machinery and equipment (50.8%). These developments point to a strong rise in import dependence in the segments of investment, transport and technological equipment, accompanied by a simultaneous decline in the relative importance of energy products within the overall import structure.

Based on the presented data, it can be concluded that imports of Bosnia and Herzegovina in 2025 were characterised by a further reduction in the relative share of energy products, alongside an increase in imports of machinery, transport equipment and higher-stage processed products. This import structure reflects the pronounced dependence of the domestic economy on imported investment and technological equipment, as well as pharmaceutical and metal products. Long-term comparisons confirm a strong expansion of import demand in segments related to modernisation, transportation and industrial production. At the same time, the decline in imports of energy products and certain raw materials reflects adjustments in domestic consumption patterns and the impact of developments in international markets, while the overall import dynamics remain highly sensitive to external price and market shocks.

## Conclusion

This analysis provides a comprehensive and detailed insight into the trends in BiH's foreign trade in 2025, examining the dynamics of total merchandise trade, the structure of exports and imports, the trade balance as well as the geographical and product orientation of foreign trade within a defined time framework. The presented data confirm that BiH continues to function as a small and highly open economy, strongly exposed to external economic developments, changes in international demand and price shocks in global markets.

The results indicate that 2025 was marked by moderate growth in both exports and imports, accompanied by a slight improvement in the import coverage ratio, but without a substantial

reduction in the trade deficit. Although the nominal increase in exports suggests a certain recovery compared to the previous year, long-term comparisons with 2022 and 2021 clearly show that export dynamics remain weaker than import growth. Moreover, the expansion of total trade largely reflects price effects rather than real increases in physical volumes. This confirms the persistence of structural imbalances in merchandise trade, representing one of the key macroeconomic constraints on sustainable growth.

The geographical structure of foreign trade demonstrates a strong and long-standing orientation towards the European Union market, which remains the most significant trading partner, particularly in exports. However, a slowdown in export dynamics to certain traditional EU markets is evident, alongside increased trade with several smaller but growing markets, such as Turkey and selected Central European countries. On the import side, the pronounced growth of imports from developing Asian economies, primarily China, has further deepened the trade deficit and indicates an increasing dependence of the domestic market on competitively priced goods of lower and intermediate stages of processing.

The product structure of merchandise trade confirms that Bosnia and Herzegovina's exports continue to rely predominantly on the manufacturing sector, particularly metal products, machinery and equipment, wood products and furniture. Encouragingly, 2025 saw growth in exports of higher value-added products, especially in the machinery and electrical equipment sectors, suggesting potential for a gradual transformation of the export structure. Nevertheless, the high concentration of exports in a limited number of product groups, along with the long-term decline in exports of energy products, aluminium and chemical products, indicates limited diversification and vulnerability to cyclical movements in specific industries.

On the import side, the structure clearly reflects the pronounced dependence of the domestic economy on imports of energy products, investment goods, technological and transport equipment as well as pharmaceutical products. Although the relative share of energy products in total imports declined in 2025, long-term trends confirm strong growth in imports of goods essential for the functioning of industry, infrastructure and consumption. This import structure, combined with a relatively narrow export base, further constrains the possibilities for reducing the trade deficit in the short and medium term.

The findings of this analysis highlight the need for economic and trade policies in BiH to place stronger emphasis on enhancing export competitiveness, diversifying the production and export structure and reducing import dependence in sectors where domestic production potential exists. Particular attention should be directed towards encouraging investment in higher value-added sectors, upgrading the technological level of production, strengthening domestic value chains and improving the integration of domestic producers into international markets. At the same time, it is essential to improve the institutional and regulatory framework, reduce administrative barriers and enhance the overall business environment in order to increase the capacity of the domestic economy to respond to the challenges of global competition.

In conclusion, foreign trade developments in 2025 confirm that BiH is undergoing a phase of gradual and uneven adjustment to changing international economic conditions. Although certain positive shifts have been recorded, particularly in the export of more advanced processed products and in the diversification of export markets, structural weaknesses in foreign trade remain pronounced. A long-term improvement in the country's external trade position requires a consistent, coordinated and development-oriented economic policy aimed at strengthening productive capacities, broadening the export base and enhancing the resilience of the economy to external shocks, which represents a key precondition for sustainable economic growth and macroeconomic stability.