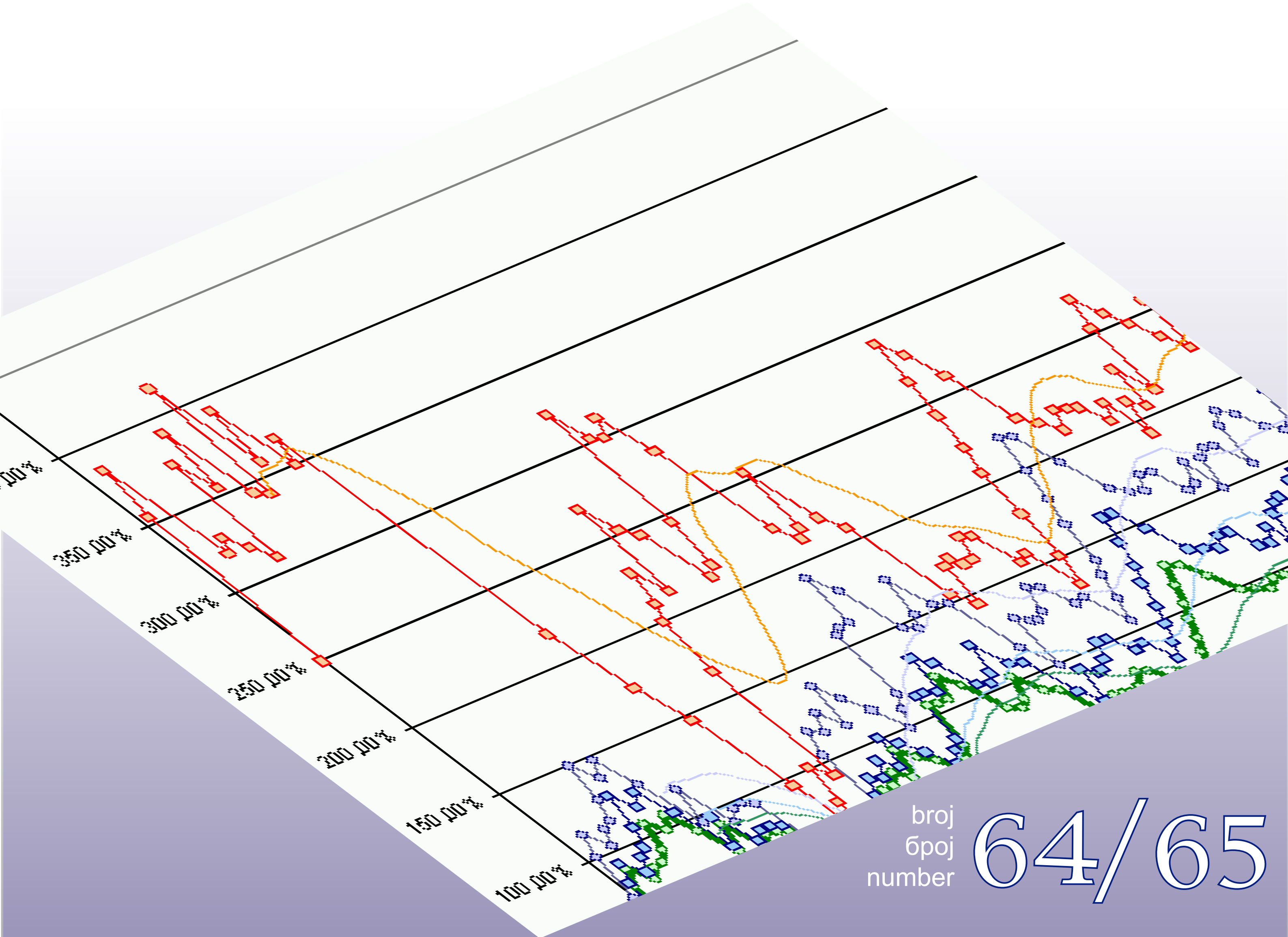
Bosna i Hercegovina
Odjeljenje za makroekonomsku analizu
Upravnog odbora Uprave za indirektno-neizravno oporezivanje

Босна и Херцеговина
Одјељење за макроекономску анализу
Управног одбора Управе за индиректно опорезивање

Macroeconomic Unit of the Governing Board of the Indirect Tax Authority

Oma Bilten



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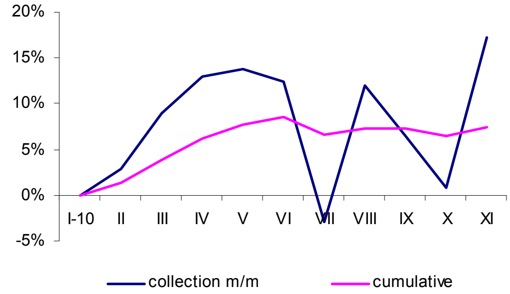

Last year at this time, when the achieved results were summarized, we were in dilemma whether Bosnia and Herzegovina was near the end of the recession or the culmination of the crisis was still coming. Trends in revenue collection from indirect taxes, although cumulative shows a stable growth during last half of the year, show strong oscillations on the monthly basis which complicate the adoption of long-term forecasts of the collection (preliminary report on cash flows on the ITA Single Account – right Chart). This issue represents projections of revenues from indirect taxes for the period 2010-2013, which the Unit according to legislation and common budget calendar presents to the Fiscal Council of B&H twice a year. On the one hand, projections of revenues from indirect taxes are determined by the current trends in the economy and macroeconomic projections and on the other, they include effects of the phase abolition of customs duties on goods originated in the EU and dynamic plan of harmonizing excises on cigarettes with the minimum EU standards.

It should be noted that the presented projections are preliminary since they have not yet been adopted by the Fiscal Council. However, former good practice of the Unit was that the projections are published at the end of the year so that all interested parties (Governments, companies, investors, etc) could be introduced with the expected trends and policies in the field of indirect taxes in the three-year planned horizon. This is also in the line with the international practice and fiscal transparency standards that require disclosure of fiscal and macroeconomic projections as input for the budget preparation at all levels of the government. In this issue we present the basic requirements of Fiscal Transparency Code of the IMF and obligations in this area required by the *acquis*.

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Projections of indirect tax revenues in the period 2010-2013

(prepared by: Aleksandra Regoje, Macroeconomist in the Unit)

The first effects of global economic crisis in Bosnia and Herzegovina have been felt at the end of 2008. Decrease in economic activity and personal consumption was reflected in the public revenues of B&H. Decrease in revenue from indirect taxes has been recorded in the last quarter of 2008, which continued throughout the entire year of 2009.

The largest decline in the year 2009 was recorded in customs revenue, which has been caused not only by strong import decline, but the continued application of the provisions of the Stabilization and Association Agreement, as well.[1] Despite the effects of the change in excise and road fee policies, 9,9% of decrease of indirect tax revenue has been recorded due to decline of almost all components of gross domestic product.

The growing trend of revenues arrived again in 2010. According to preliminary ITA report KM 3.944,78 mil of net revenue of indirect taxes[2] was collected in the period I-X 2010, which is for 6,86% higher than in the same period of the previous year. Stopping the negative trend from 2009 is a result of gradual stabilization and recovery of economy, as well as the effects of change in policy in the area of indirect taxation. According to projections made by Directorate for economic planning, modest nominal economic growth of 2% could be expected in 2010. Besides that, revenue growth is mostly caused by the effects of changing a special rate of taxation of tobacco, starting from 1st January 2010. It should be, also, borne in mind the delayed effects of changing the road fee and excise on tobacco rates (entered into force on 1st July 2009), which appeared in the first two quarters of 2010.[3]

Revised projections of indirect taxes for the period 2010-2013, prepared in October 2010 are explained below.[4] Two scenarios of projections are presented, baseline and program, which differ in the fact that program scenario assumes abolition of customs evidence fee starting from second quarter of 2011.

It is important to remark that projections have not been adopted by Fiscal council of B&H at the time of publication of this article.

Projections of indirect tax revenues for the period 2010-2013

A Baseline scenario

Projections of revenues from indirect taxes for the period 2010-2013 are based on the following assumptions:

[1]Implementation of the provisions of SAA, which would establish trade liberalization with EU in six-year period, began in July 2008.
[2] This amount includes 22,78 mil KM of unadjusted revenues.
[3] If we want to isolate all effects of legislation changes on the collection of indirect taxes in 2010 , in addition to the listed, the following effects should also be excluded: the delayed effects of changes of other provisions in the field of excise, the effects of change of customs tariffs according to SAA provisions, and effects of all legislation changes on VAT revenue regarding the fact that excise, road fees and customs are included in VAT base.
[4] Revenue projections for 2010 do not differ significantly from those prepared in April 2010 or November 2009 (differences in funds for allocation ranges from -0,1% do 1,1%) . The projections for 2011 are also not significantly different from the mentioned (differences in funds for allocation ranges from -0,8% do 0,5%), because there was no significant changes not only in projections for 2010 (which are the basis for 2011 projection), but in DEP’s projection of macroeconomic indicators as well.

a. Projections of relevant macroeconomic indicators prepared by Directorate for Economic Planning (DEP) for the mentioned period,
b. Further implementation of the Stabilization and Association Agreement (SAA) in accordance with the dynamics of the reduction and elimination of tariffs on imports of goods originating in the EU,
c. Application of article 21 of the Law on Excise, which implies adjustment of excise rates in BiH with the minimum standards in the EU.

The projections include the effects of increasing specific excise rate per package of cigarettes from 0,30 KM to 0,45 KM in 2011, as well as planned continuous increase of the same rate in the each following year of 0,15 KM per package.

Taking into account current trends, historical collection and seasonal patterns, the collection of 4.708,1 mil KM is expected in 2010, which is for 6,1% higher than in 2009. Given the expectation that economy of BiH will slowly come out of recession and record the continuous growth in the next three-year period, the projected indirect tax growth for years 2010, 2011 and 2012 amounts 6,2%, 7,3% and 6,5% respectively (table 1).

VAT

According to ITA preliminary report, 3.034,41 mil KM of gross VAT revenue have been collected in the first ten months of 2010, which is for 3,19% higher than in same period of the previous year. If we analyze structure of those revenues (chart 1), we will notice that revenues from VAT on imports increased for 6,65% in the same period, while revenues from VAT charged on tax returns recorded decline of 1,65%. The sum of all other categories of gross VAT revenue (automatic assessment, one-off payments, etc) increased for 11,18%.

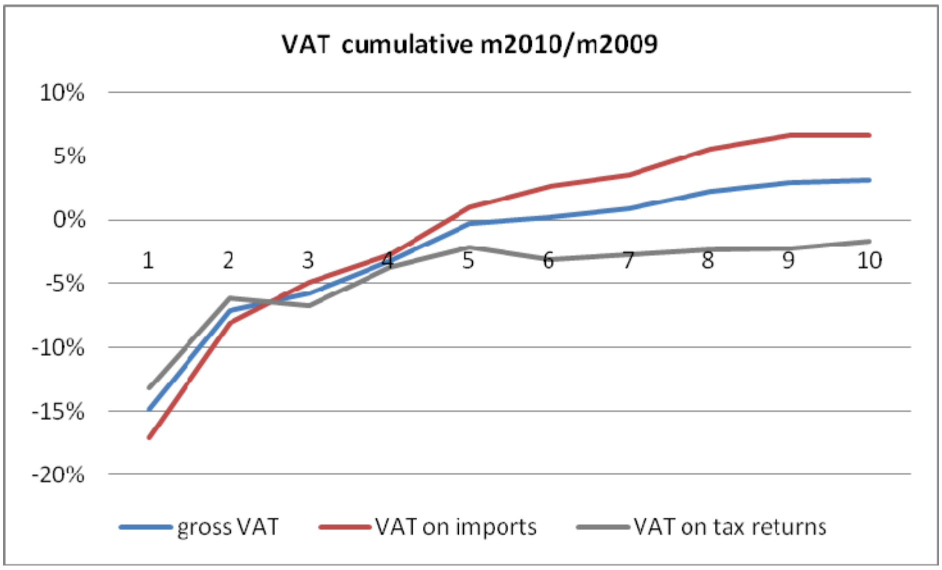

Chart 1

VAT net revenue growth is stable in last five months of 2010, and ranges from 3 to 5% (chart 2). This growth rate contains VAT revenue from additionally collected excise on tobacco and road fee. It is projected that 2.941,6 mil KM of net VAT revenues will be collected by the end of the year, which is for 4% higher than collection in 2009.

PROJECTION OF INDIRECT TAXES (2010-2013), OCTOBER 2010

BASELINE SCENARIO

		2008	2009	2010	2011	2012	2013		2009	2010	2011	2012	2013
I	VAT (net)	3.119,4	2.827,8	2.941,6	3.117,7	3.321,5	3.535,4		-9,3%	4,0%	6,0%	6,5%	6,4%
II	Sales tax (SA)	0,1	0,0						-67,0%				
III	Excise	937,3	997,4	1.149,3	1.286,0	1.448,6	1.593,7		6,4%	15,2%	11,9%	12,6%	10,0%
IV	Customs	651,3	346,8	292,3	260,9	243,3	214,9		-46,8%	-15,7%	-10,7%	-6,8%	-11,7%
V	Road fee	189,5	250,2	306,4	316,2	333,6	351,7		32,0%	22,5%	3,2%	5,5%	5,4%
VI	Other	29,3	14,9	18,4	18,6	18,8	19,0		-49,3%	23,8%	1,1%	1,0%	1,0%
VII	**TOTAL**	**4.927,0**	**4.437,0**	**4.708,1**	**4.999,5**	**5.365,8**	**5.714,5**		**-9,9%**	**6,1%**	**6,2%**	**7,3%**	**6,5%**
VIII	Road fee (0,10 KM/l)		-65,8	-122,6	-126,5	-133,5	-140,7			86,3%	3,2%	5,5%	5,4%
IX	**FUNDS FOR ALLOCATION**	**4.927,0**	**4.371,3**	**4.585,5**	**4.873,0**	**5.232,3**	**5.573,8**		**-11,3%**	**4,9%**	**6,3%**	**7,4%**	**6,5%**

Table 1.

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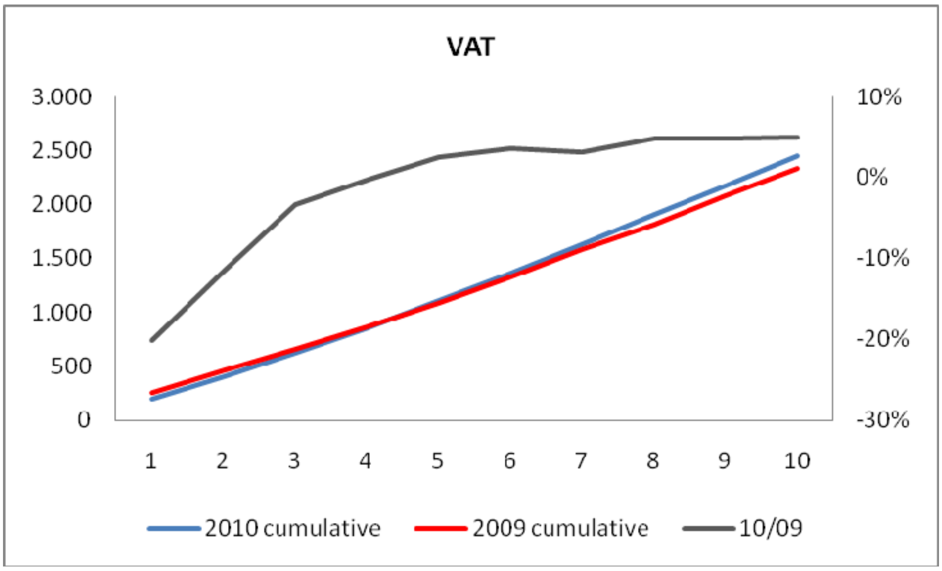

Chart 2

VAT projections for the period 2011-2013 follow projected consumption growth (DEP).

Table 2. Consumption growth projection

Year	2011	2012	2013
Consumption growth projection (DEP)	6,0%	6,5%	6,4%

Source: DEP, September 2010

Excise

According to preliminary report for October 2010, collection of excise revenues in the first ten months of 2010 was for 13,7% higher than the collection in the same period of the previous year.

Because of the unequal effects of the new Law on Excises in 2010, there was a gradual slowdown in growth of those revenues. The strong growth of excises comes primarily from the growth in revenue from excise taxes on tobacco (32,19 % in the first ten months of 2010), due to the increase of special excise tax. Excise on oil derivates recorded the insignificant growth of 0,31%, while other categories of excises decreased.

The collection of 1.149,3 mil KM is expected by the end of the year, which is for 15,2% higher than in the previous year.

Projections of excise revenues in the forthcoming years (2011-2013) are based on DEP's projections of macroeconomic indicators, primarily of real growth rate of consumption and GDP. The projections include effects of the increasing of specific excise rate of 0,15 KM per package of cigarettes in the each following year.

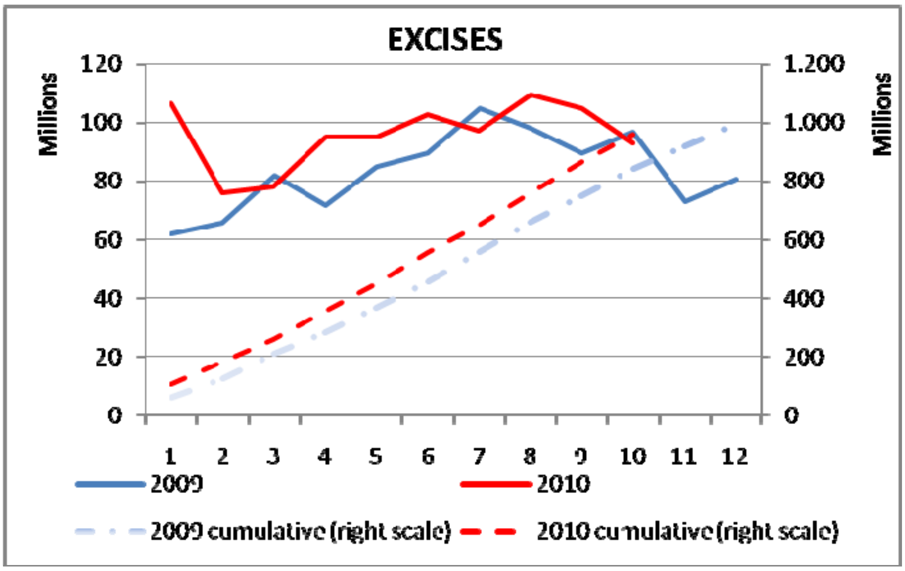

Chart 3

Road fee

Road fee growth rate of 24,46% was recorded in the first ten months of 2010. After **a** strong increase of those revenues in the first two quarters of 2010 (table 3), caused primarily by delayed effects of the increase of rate from 0,15 to 0,25 KM/l since 1st July 2009, growth of 2,5% was recorded in the third quarter. Slowdown of collection trend is expected in the last quarter. Projection for 2010 amounts 306,4 mil KM, which is for 22,5% higher than the collection in the previous year.

	2009	2010	10/09
Q1	40,7	64,4	58,2%
Q2	45,2	76,7	69,7%
Q3	85,0	87,1	2,5%

Table 3. Road fee collection

Since there are no plans of further harmonization of excise rates on oil derivates with EU standards in the foreseeable future, the effects of new Law are limited only to the first half of 2010, while the projection for 2011-2013 is based on DEP estimate of GDP growth.

Table 4. Real GDP growth projection

Year	2011	2012	2013
Real GDP growth projection	3,2%	5,5%	5,4%

Source: DEP, September 2010

Customs

Provisions of Interim Stabilization and Accession Agreement BiH with EU, which came into force on 1st July 2008, largely contributed to the collection of indirect tax revenues, since they prescribe simultaneously or gradually (until 2013) the abolition of customs on imports of goods originating in the EU.

46,8% decrease of those revenues was recorded in 2009 in comparison with 2008, while decrease of 15% was recorded in the first ten months of 2010, compared with the same period of the previous year.

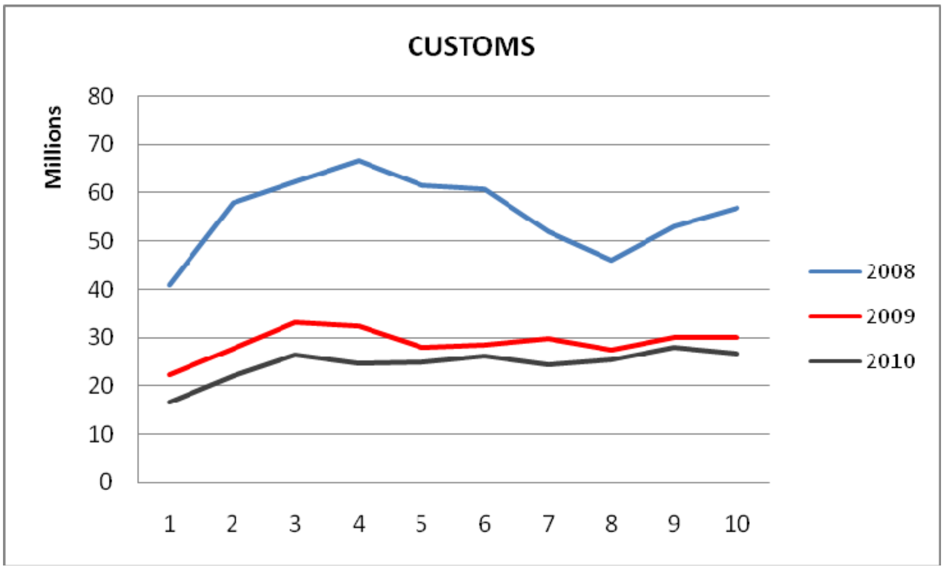

Chart 4

Regarding current trends and forecasts of import and export, including obvious changes of export market towards EU market, it is projected that 292,3 mil KM of this revenue will be collected by the end of year. A moderate process of decreasing customs rates is scheduled for next years, given that they are already abolished on significant portion of imports from the EU. For this reason, as well as for the projected import growth in forthcoming years, a strong decline of customs revenue as in previous period can't be expected.

Table 5. Projection of import growth

Year	2011	2012	2013
Projection of import growth	15,3%	11,9%	11,6%

Source: DEP, September 2010

B PROGRAM SCENARIO

Program scenario assumes abolition of customs evidence fee starting from the second quarter of 2011. It is projected that mentioned legislation change would cause the losses of cca 35 Mil KM in 2011 (30 mil KM of customs, and 5 mil KM of VAT).

Taxation of alcohol and alcoholic beverages in EU and in BiH

(Author: Aleksandar Eskic, Macroeconomist in the Unit)

INTRODUCTION

In this edition we will present the evolution of the idea and the legal framework that defines taxation of alcohol and alcoholic beverages in the EU. Though our first intention was to provide comprehensive comparison of exisitng related policies in the EU and in BiH, following by a certain quantitative analysis of import and revenues on consumption of alcohol and alcoholic beverages, due to complexity of the subject and limited space, in next edition we will publish the second part of the article which will have BiH in focus. As always, we think that European practice is a single most important referent point when thinking of re-designing national taxation policy, alcohol and alcoholic beverages in this case, so it is necessary to analyse their solutions, identified weaknesses, causes and its manifestations, and proposals aimed to overcome current situation as well.

LEGAL FRAMEWORK IN THE EU

The Community framework concerning excise duty on alcohol and alcoholic beverages is laid down in two Directives. Council Directive 92/83/EEC of 19 October 1992 on the harmonization of the structures of excise duties on alcohol and alcoholic beverages lays down common definitions of the products subject to the duty, specifies the method of calculating the duty and the criteria under which certain products may qualify for exemptions or reduced rates. Council Directive 92/84/EEC of 19 October 1992 on the approximation of the rates of excise duty on alcohol and alcoholic beverages lays down minimum rates of duty for each product category. This proposal concerns only Council Directive 92/84/EEC on the approximation of the rates of excise duty on alcohol and alcoholic beverages.

Under Article 8 of Council Directive 92/84/EEC a regular review procedure shall take place.

In accordance with this provision, the Commission's first report appeared on 13 September 1995. However, it was not accompanied by any proposal but merely drew attention to certain difficulties.

The Commission's second report was presented on 26 May 2004 and followed a wide consultation process involving national authorities, business representatives and interest groups. The report concluded that more convergence of the rates of excise duty in the different Member States is needed so as to reduce distortions of competition and fraud.

However, given the widely differing views in the Member States about the appropriate levels of the minimum rates, and given that any change would require unanimous agreement, the Commission did not make a proposal at that time. Instead the Commission indicated that it wished to launch a broad debate in the Council, the European Parliament and the Economic and Social Committee and that on the basis of the outcome of this debate the Commission would then decide whether or not to submit proposals on all or some of the issues raised in the report.

Following such debates, the Council called on the Commission, on 12 April 2005, "to come forward with a proposal to adjust the minimum rates of excise duty in order to avoid a fall in the real value of the Community minimum rates, providing transitional periods and derogations for those Member States who may have difficulties in increasing their rates; the Commission should also duly take into account the overall political sensitivity of this special issue".

Having assessed the position, the Commission proposes to amend Directive 92/84/EEC by:

- Revalorizing the minimum rates on alcohol, intermediate products and beer in line with inflation from 1993 to 2005, which is in the order of 31%, to take effect from 1 January 2008;
- Providing, by way of derogation, transitional periods up to 1 January 2010 for those Member States that may have difficulties in increasing their national rates by 1 January 2008 to meet the revalorized minima, such transitional periods being determined by the efforts required of the Member States concerned;
- Rendering the review procedure under Article 8 of the Directive more flexible and less onerous and to prolong the review period from 2 years to 4 years.

It should be noted, however, that not all these Member States will necessarily have difficulties in increasing their national rates to meet the revalorized minima as at the date of entry into force of the revalorized minima, 1 January 2008. Consequently, it is not proposed to provide for transitional periods where the required increases to meet the revalorized minima are less than 10% and for which sufficient time is already provided, i.e. between the adoption of the proposal and its coming into force. Therefore, for the Member States concerned the necessary increases in the national rates should come into force on or before 1 January 2008. However, for those Member States that would need to increase their national rates by more than 10%, transitional periods up to 1 January 2010 are proposed.

Namely, for those Member States that are required to increase their national rates by more than 10% but less than 20%, a transitional period to 1 January 2009 is proposed; for those Member States that are required to increase their national rates by more than 20%, a transitional period to 1 January 2010 is proposed.

Table 1: Revies of excise rates on alcohol and alcoholic beverages before and after the new amendmen was adopted

Product	Rate expressed per	Present minimum rate	Indexes minimum rate on 31/12/2005
Wine (Still and Sparkling)	Hl	0 e	0 e
Beer	Hl degree Plato or Hl degree alcohol	0.748 e ili 1.87 e	0.98 e or 2.45 e
Intermediate products	Hl	45 e	59 e
Alcohol	Hl of pure alcohol	550 e	720 e

Izvor: COM(2006)486 final, Commission of the European Communities

The primary purpose of revalorizing the minimum rates is to restore their real value of 1992. Increasing minimum rates to account for inflation does not, by definition, produce real value increases. On the other hand, failure to maintain the specific minimum rates in line with inflation would result in erosion of their real value. Consequently, such increases in the minimum rates are necessary in order to maintain the level of rates which the Council agreed in 1992, as a requirement to ensure the functioning of the Internal Market without fiscal borders.

Alcoholic beverages are important to Governments and consumers in the EU. Excise duties on alcoholic beverages constitute an important source of tax revenue in the EU27. Duties are an important contribution to Member States' finances and revenues range from 0.2% to 3.5% of total tax revenues (excluding Social Security). Total duty receipts in the EU27 amounted to €30.6 billion in 2007 (ETHYL ALCOHOL: 46% of revenues, BEER: 33% and WINE: 19%).

Consumption of alcoholic drinks is important in the EU: the total consumption stood at 56 billion liters in 2007, approximately 113 liters per person. Beer was by far the most consumed alcoholic drink, counting for 66% of the total volume. The second most consumed product, wine, accounted for 25% (14.1 billion liters).

THE CURRENT TAX REGIME

The Community framework concerning excise duty on alcohol and alcoholic beverages is laid down in two Directives:

- Directive 92/83/EEC was designed to harmonise the structures of alcohol taxation (specifying amongst other things the categories of product that are subject to excise duty arrangements).
- Directive 92/84 lays down minimum rates for the categories of product. Member States have a degree of flexibility in setting the levels of taxation as long as these minimum rates are complied with.

The definitions used to specify the structures for classifying products are to a large extent reliant on how a product would have been classified, at the time the Directive was adopted, under the customs nomenclatures 2203, 2204, 2205, 2206, 2207, and 2208.

Directive 92/84 only provides indication on the minimum rates, and Member States can freely set their duties as long as they are above the minimum rates specified in the Directive.

As a result, the standard duty rates in the different Member States show a huge disparity.

- BEER duties range from €1.87 to €23.6 per % abv (alcohol by volume) per hl of product;
- ETHYL ALCOHOL duties range from €562 to €5,155 per hl of pure alcohol;
- STILL WINE duties range from €0 to €328 per hl of product;
- INTERMEDIATE PRODUCTS duties range from €45 to €515 per hl of product; and
- OTHER FERMENTED BEVERAGES duties range from €0 to €273 per hl of product.

It is noticeable that the duty rates in FI, UK, IE and SE are systematically the highest (top four) within each EC category. Compared with these countries, the duty rates in the remaining Member States are substantially closer to each other and to the minimum rate.

IDENTIFIED PROBLEMS

The current situation causes a number of concerns for the proper functioning of the internal market. We have identified the following problems.

Lack of transparency of the classification system

The classification procedures used by Member States for allocating beverages into the different categories are very heterogeneous. Member States use the 5-product system specified in the Directives, but there are a significant number of exceptions where alternative duties exist under certain conditions. Duties are sometime levied in different units across Member States which make comparisons difficult (abv or Plato can be used to measure strengths of beer, and, in some Member States, duties can be levied by volume of beer – with duty rates banded by strength – rather than directly by degree of alcohol).

Information on the classification systems used by different Member States is not readily available. It is also difficult to understand the criteria used to classify each type of beverage, as there is not clear description of the criteria used for delimitation of the categories.

Lack of harmonization in duty rates

There is a very wide dispersion of before-duty (pre-tax) prices of the alcohol beverages consumed within the EU and the current duties accentuate such differences further. In particular, for all beverages there is a wide disparity between the high rates charged by four Member States (FI, S, IE, UK) and the rates charged by the rest of EU Member States. At present, because of their low level relative to the high rates charged by the four, the minimum duty rates contribute little to reducing such disparities.

Minimum duty rates out of date

The minimum rates set in 1992 are clearly out-of-date. Prices increased by 44% from 1992 to 2010 and minimum rates have remained constant. This means that the minimum rates are lower in real terms than they were in 1992.

Large differences between neighboring Member States

There exist large differences in post-duty prices of similar products between neighboring countries. The largest differences are observed between UK and FR; FI and EE; and SE and DK. There are also some significant differences involving new Member States, particularly between EL and BG (ETHYL ALCOHOL).

Cross-border trade (legitimate shopping and smuggling)

As a result of large differences in market prices between neighboring Member States, the volume of smuggling and cross-border shopping between these countries is significant.

Reduce disparity in duty rates

We believe increasing the minimum rates is the obvious tool. Minimum rates have been losing value in real terms from when they were originally set in 1992. Our analysis has shown that updating the minimum duty rates will have minimal impact on the prices of most products and on most duty revenues collected by Member States.

For all products we suggest considering of updating minimum rates for all products to account for the inflation that has taken place since 1992. Also we suggest considering of removing different tax treatment for still and sparkling products.

It is not clear that the disparity in prices across the EU will be reduced significantly by only increasing the minimum rates. This is because this measure will only affect a small number of countries and it will not reduce significantly the disparity between, collectively, the four Member States charging the highest duties, and the others.

In order to reduce the price differences we believe that, in addition to minimum duty rates, there could be a maximum rate. Both rates would act as a ceiling and floor in setting the duties by Member States, and could be defined to be a certain percentage from the EU average duty rate for each product. If a maximum rate is set in absolute nominal terms, this will need to be revalorized on, perhaps, an annual basis to avoid eroding the real maximum duty rate over time. Over time, this measure would help to achieve a real EU-convergence in the duty rates and in prices.

FISCAL TRANSPARENCY IN B&H IN THE FUNCTION OF EUROPEAN INTEGRATIONS

(Author: Dinka Antic PhD)

EVOLUTION OF FISCAL TRANSPARENCY PROGRAM

Transparency is a basic characteristic of internationally accepted fiscal statistics. After the publication of international standards of government finance (GFS – *Government Finance Statistics*) in 1986 by the IMF there was a need for defining the rules that would enable the government budgets, reports and other fiscal statistics to be prepared, drafted and presented in a transparent manner. The need for fiscal transparency was also emphasized by increasing exposure of the governments in the international financial markets. IMF started a voluntary program of fiscal transparency assessments and within it the best united practice of fiscal transparency known as Code of Good Practices was published in 1998. As it, besides the good practice, also included principles and guidelines for the Governments, in the same year the Code evolved into the Manual on Fiscal Transparency which contained a set of international standards for achieving fiscal transparency. However, despite these standards the IMF is still retained the name 'Fiscal Transparency Code' in its practice. So far there were three revisions of the original Code, in 1999 and 2001 and the third, last revision, was made in 2007[5].

Standards of fiscal transparency are planned on basis of experiences and best practice of developed countries. In principle, standards are of universal nature and can be applied in all countries regardless of the achieved level of economic development not only in the public sector but also in the private sector as the framework for evaluation in certain segments of the public-private partnership. Standards of fiscal transparency are included in a list of 12 obligatory financial standards, codes and principles and they are subject of regular report on the observance performed by IMF (ROSC – *Reports on the Observance of Standards and Codes*). International financial standards can be divided into three groups: transparency standards, standards of the financial sector and standards for enabling the market integrity (see attachment). Following the publication of standards, within UN, OECD, World Customs Organization and other professional associations and institutions (such as accountants and auditors) a number of initiatives for drafting codes on fiscal transparency principles in certain segments of their operation (for example, for the budget process, data integrity, budgetary policies, revenue reporting, public sector auditing, etc) occurred. By the end of 2006 about half of the IMF members had undertaken fiscal standards. Even in those member states that have not undertaken standards completely it can be seen significant progress considering a wide range of reforms undertaken in the fiscal sphere. Although a large number of countries have undertaken reforms in tax administrations and processes of drafting the budget, there are still major problems in accepting the standards. Undeveloped countries are faced with the problem of data quality and strengthening the function of internal control and external audit of collecting and spending of public funds while developing countries have problems regarding government operations, defining the role of public corporations and presenting their relationship with the government sector.

GOALS AND IMPORTANCE OF FISCAL TRANSPARENCY

IMF Fiscal Transparency Code was accepted globally by international financial organizations and institutions as a set of international standards to be met by countries with which these institutions have programs and cooperation. Shortly after publishing the first version of the Code, it was accepted by international auditing institutions and agencies for the allocation of credit ratings to governments as a set of standards necessary for ensuring the credibility of government in

[5] IMF, Manual on Fiscal Transparency, 2007, Washington.

international finance, borrowing, investing and business in financial markets. The broad acceptance of international standards of fiscal statistics, and thus standards of fiscal transparency, is based on the consensus of leading world powers and organizations on importance of fiscal transparency for the efficiency of public administration, macroeconomic stability and economic growth. Having that in democratic societies fiscal information and reports of the government is a key lever for control of government's functioning by citizens and civil sector the level of transparency of fiscal information is the indicator of the level of democratization of society as well.

Starting from the goals of introducing standards of fiscal transparency it is obvious that there are a number of interested parties which can gain certain benefits. Apart from the IMF and governments, benefits of applying Fiscal Transparency Code have also investors, creditors, non-government organizations and civil society in general, then legislative bodies, academic and professionals involved in preparation of laws from the fiscal sphere[6].

Fiscal transparency contributes to the international compatibility of national fiscal statistics and fiscal indicators, and increases the effectiveness of national macroeconomic policy measures. The quality of government economic policy depends on whether the past, present and future government performance information is transparent, comprehensive and reliable. With the up-to-date and reliable data, fiscal transparency directly affects reduction of risk in adopting economic and social policy measures and allows faster response of fiscal authorities in the period of crisis.

Application of international standards of fiscal statistics is becoming a prerequisite for creating favourable environment for investing, starting and running the business. Fiscal transparency reduces negative effects of asymmetric information to investors in government bonds and facilitates the countries appearing in domestic and international financial markets. Foreign investors, whether it is about the purchase of government bonds or direct investments, are often guided by credit rating of government and fiscal indicators arising from the reports of consolidated general government. Transparency of public finances and a higher credit rating of the country are also indicators of higher level of government accountability, legal and economic security and confidence of international community in the country's government[7].

Application of international standards regarding coverage of general government reporting and transparency of the collection and spending of public funds positively effect on fiscal discipline, preventing the autonomous action of lower levels of government and strengthening the fiscal coordination in the country. Lower levels of government are becoming increasingly aware that their credit rating depends not only on their own fiscal position but also, mostly, on credit rating of general government which derives from the quality and transparency of consolidated reports of all levels of government in the state.

Citizens have also the benefit of the fiscal transparency of government operations since they can control government operations, which in turn, through democratic mechanisms of elections and change of government affect on strengthening of government accountability and increasing of efficiency of public resources allocation in terms of harmonizing government activities with the needs of citizens.

Process of joining the EU is speeding the processes of undertaking international financial standards. Prospective members must demonstrate willingness to carry out fiscal consolidation and adjustment in accordance with EU criteria. On the other hand, obeying the standards of fiscal

[6] Ibid. p. 15.

[7] More in: Petrie, Murray, Promoting Fiscal Transparency, The Complementary Roles of the IMF, Financial Markets and Civil Society, Working Paper No. 03/199, IMF, Washington, October 1, 2003.

transparency facilitates to European Commission the monitoring fiscal position of prospective member and formulation of EU policy in fiscal sphere towards the new member[8].

IMF FISCAL TRANSPARENCY CODE

Fiscal transparency is defined as *'openness toward the public at large about government structure and functions, fiscal policy intentions, public sector accounts and projections'*. Fiscal transparency means that fiscal information need to have the following characteristics: reliability, comprehensiveness, timeliness, intelligibility and international compatibility[9]. According to IMF Code fiscal transparency rests on four pillars:

I. Clarity of roles and responsibilities
II. Open budget processes
III. Public availability of information
IV. Assurances of integrity

Pillars of IMF Fiscal Transparency Code are worked out in 10 main principles and principles in 45 standards of fiscal transparency. It is noted that implementation of fiscal transparency standards is often a challenge, especially in non-democratic countries or countries recently liberated of colonialism, central management system or dictatorship without developed democratic tradition, developed civil society, public awareness of citizens and government officials about the government's position as a citizen's service and necessity of government accountability toward citizens. With that in mind, undertaking standards of fiscal transparency often requires prior implementation of deep political, economic, administrative and social reforms and thus the longer period of implementation. Given detected difficulties faced by other countries in implementing fiscal transparency standards, IMF has prepared a set of basic requirements. It is necessary to emphasize that a **set of basic requirements of IMF should not be considered as setting a minimum of standards that states must meet but rather as a starting point in the complex process of undertaking of international standards of fiscal transparency.** A set of basic requirements of IMF is given in the following text.

Table 1: Basic requirements of IMF[10]

I. CLARITY OF ROLES AND RESPONSIBILITIES	
Principles	**Basic requirements**
1.1. The government sector should be distinguished from the rest of the public sector and from the rest of the economy, and policy and management roles within the public sector should be clear and publicly disclosed.	• A published institutional table clearly shows the structure of the public sector, identifying all government entities, by level of government, and public corporation. • The extent and purpose of all quasi-fiscal activities is explained. • Revenues and responsibilities are clearly assigned between different levels of government.
1.2. There should be a clear and open legal, regulatory, and administrative framework for fiscal management is necessary.	• No public funds can be spent without publicly available evidence of appropriation by the legislature. • Revenue collection is governed by clear and easily accessible laws and regulations.
II. OPEN BUDGET PROCESSES	
2.1. Budget preparation	• Realistic draft budget proposals are presented to the legislature

[8] Ibid. pp. 8-12.
[9] Kopits G., Jon C., "Transparency in Government Operations", IMF Occasional Paper No. 158; Washington: International Monetary Fund, 1998. p. 1.
[10] IMF, Manual on Fiscal Transparency, 2007, Washington, p. 124.

should follow an established timetable and be guided by well-defined macroeconomic and fiscal policy objectives.	according to a prescribed timetable. • The likely costs and effects of new expenditure and revenue measures are clearly explained. • A consistent multiyear fiscal framework is provided, based on realistic economic assumptions.
2.2. There should be clear procedures for budget execution, monitoring and reporting.	• Revenues, commitments, payments and arrears can be tracked effectively. • Audited final accounts and audit reports are presented to the legislature and published within a year.
III. PUBLIC AVAILABILITY OF INFORMATION	
3.1. The public should be provided with comprehensive information on past, current and projected fiscal activity, and on major fiscal risks.	• The budget documentation covers all budgetary and extra budgetary activities of the central government, the fiscal position of sub-national government and the finances of public corporations. • Information published on the central government includes details on its debt, significant financial and natural resource assets and non-debt liabilities, and contingent liabilities.
3.2. Fiscal information should be presented in a way that facilitates policy analysis and promotes accountability.	• The main proposals and economic background to the budget are explained clearly to the general public. • Revenue, expenditure and financing are reported on a gross basis and expenditure is classified by economic, functional and administrative category. • Results of central government programs are presented to the legislature.
3.3. A commitment should be made to the timely publication of fiscal information.	• There is a legal obligation to publish timely information.
IV. ASSURANCES OF INTEGRITY– basic requirements	
4.1. Fiscal data should be meet accepted data quality standards.	• Accounting policies meet generally accepted accounting standards. • Final accounts are fully reconciled with budget appropriation and fiscal aggregate outcomes are compared with previous forecasts. • Countries subscribe to the GDDS, if they are not able to adhere to the SDDS[11].
4.2. Fiscal activities should be subject to effective internal oversight and safeguards.	• Standards for procurement, financial transactions involving the public sector and the ethical behavior of public servants are clear, publicly accessible and observed. • Internal audit procedures are clear.
4.3. Fiscal information should be externally scrutinized.	• A national audit body, which is independent of the executive, provides timely reports (at a minimum on an annual basis) for the legislature and public on the financial integrity of government accounts.

EU REQUIREMENTS

Obeying subsidiary principle, one of the basic principles of complex EU structure functioning, wide competencies in the sphere of fiscal policy and budget management are left to the members. However, regardless retained competencies, prospective members are obliged to carry out certain adjustments in accordance with pre-accession obligations, but also in the spheres not mentioned as a pre-accession obligation in order to fulfill obligations from Stability and Growth Pact - SGP. There are many reasons for that. *First*, prospective members are obliged to carry out fiscal

[11] IMF has developed two sets of standards for dissemination of fiscal information: (i) General Data Dissemination Standard - GDDS meant for all IMF members and (ii) Special Data Dissemination Standards – SDDS for members willing to operate on international stock exchanges. Standards SDDS and GDDS regulate coverage of published reports and information in terms of government levels which fiscal operations are included in the report, contents of reports and information, report period for each government level (month, quarter, year) deadlines for publication after the report period is expired. Apart from the requirement for timely publication, standards SDDS and GDDS include other requirements as well such as data access, quality and integrity of data and statistics.

adjustments in order to fulfill macroeconomic and fiscal convergence objectives given by the Agreement on EU Establishment in long time before the access to EU. The government must prove that it is capable of harmonizing fiscal operations with EU rules and achieve political and economic priorities within given fiscal and budgetary limitations imposed by EU membership. *Second*, the government must ensure effectively and efficiently implementing of its decisions. Effective decision implementation at state level represents the foundation for effective functioning of the prospective EU member. *Third*, degree of fiscal responsibility of prospective members determinates the relations with EU members and institutions and directly affects the degree of EU confidence to the future member state. *Fourth*, it is essential that the financial and budgetary management system enables the effective and efficient use of pre-accession EU funds in accordance with the objectives and priorities. Inefficiency in the management of EU pre-accession funds can jeopardize the EU accession process directly and indirectly. Planned priorities will not be fulfilled by taking the less EU funding than planned (activities, projects, investments, institution development, etc) which will slow down economic growth, threaten the implementation of target fiscal consolidation dynamics and eventually slow down the overall accession process. Weak and inefficient management of EU funds directly undermines the confidence of EU members and institutions in effectiveness, accountability and credibility of the prospective members which could permanently affect the accession process or postpone it for a certain period[12].

The implementation of fiscal reforms and adjustment of the fiscal system and policy to EU rules means redefining the existing fiscal architecture of future members. This includes the upgrading and restructuring of the existing institutions (for example, Statistics, the Ministry of Finance and the Ministry of Agriculture, Customs and Tax/VAT Administration) and the establishment of new ones (for example, for withdrawal of European funds and their distribution, for audit for fund spending), and redefining relation and mechanism coordination system within fiscal system. In addition, it is necessary to establish the relations with EU institutions. Redefining fiscal system and linking with the EU implies a change of fiscal competencies of government levels.

The process of adapting to EU rules in the fiscal area requires significant time. During this process the EU conducts the regular monitoring of fulfillment of obligations governed by a matrix of requirements including the following segments (Table 2): legal and institutional framework, medium-term fiscal framework, budget preparation process, budget management of public investment programs and policies, budget execution and monitoring, accounting and reporting, financial control, public procurement, external audit and the establishment of necessary institutional capacities for upgrading budget and financial management system[13].

Table 2: Basic EU requirements in the sphere of budget and fiscal management

Legal and institutional framework
Principles of the public budget are clearly defined in the Constitution, Budget Law and related legislation: - Clear, transparent and comprehensive definition of public money, - Management of all public funds is prescribed by law, - The relationship between the Parliament and Government in budgetary matters is established, - Rules and procedures of intergovernmental fiscal relations are defined, - Comprehensiveness of the budget is provided, - Different types of budgetary users, companies and agencies are defined and the link between them and the budget is established, - Legal basis for the budget drafting and execution as well as for the jurisdiction and powers of the Ministry of Finance has been provided. Parliament must be able to monitor the budget and to change the fiscal policy. Budget and Finance Commissions must be established or strengthened.

[12] See more in: Allen R., “Budgetary and financial management reform in Central and Eastern Europe”, chapter in “Models of Public Budgeting and Accounting Reform”, OECD Journal on Budgeting, Volume 2, Supplement 1, OECD, 2002, pp. 81 - 82.
[13] Ibid. 96-100.

To establish the links between the Parliament and state audit. Extra-budgetary and EU funds (pre-accession assistance) must be included in the state budget.
Medium-term fiscal framework
Prospective members must provide budget information, fiscal objectives, macroeconomic and fiscal projections within medium-term framework. This is a preparatory phase for establishment of stability program or convergence when they become full members. While drafting medium-term fiscal framework it is necessary to apply the methodology and standards of EU fiscal statistics (ESA95). When submitting projects to be financed from the EU pre-accession funds, prospective member is required to use the medium-term framework.
Budget preparation process
There should be developed procedures for budget preparation. Budget should be presented to the Parliament for consideration within a specified period in a specified format. The budget should include budget constraints, fiscal policy objectives, macroeconomic framework, budgetary policies and major fiscal risks, clear expenditure plan, the link between expenditures and institutions, objectives and activities, financing of new activities, a hierarchy of responsibilities of institutions and persons entrusted with public funds and clearly specified expenses Style and format of the draft budget should be available to citizens, media and Parliaments.
Budget management of public investment programs and policies
The government has capacities for multi-annual planning of capital projects, including capacities for coordination between different institutions and levels of government, co-production procedures and technical and economic evaluation of projects and programs. Administrative procedures for the preparation and approval of capital investment budget should be integrated with the operating expenditures.
Budget execution and monitoring
Ministry of Finance was able to establish spending limits and to implement them, to monitor and control spending during the year using unique financial accounting system. Parliament and the Council of Ministers should have jurisdiction to review periodical reports on financial performance compared to budget and to modify the goals and policies in the case of new and unexpected economical or financial circumstances. Cash management and payments should be implemented through a single treasury account and controlled by the Ministry of Finance.
Accounting and Reporting
There must be a unique set of budget and accounting qualifications at the national level. Accounting rules should be harmonized with EU standards Fiscal reporting should be timely, comprehensive and reliable, with expressing variations in relation with the budget. It is necessary to establish procedures for evaluating the effectiveness and efficiency of expenditure policy and programs including expenditures financed by EU funds.
Financial Control
There is a coherent and comprehensive legislation for the financial or internal control. Accounting and auditing standards are applying; scope of audit includes agencies established with regard to EU funds; there are procedures for the public procurement and public revenue control; *ex ante* control of commitments and payments has been established. Internal audit system/inspectorate is established, functionally independent, with a defined mandate, based on international auditing standards.
Public Procurement
Public procurement legislation has been adopted and central agency with the authority to crate and implement policy is set up. An effective system for resolving complaints has been established. Strict enforcement of regulations is provided by effective internal controls and internal auditing mechanisms.
External Audit
State audit is established with clear audit responsibilities of all public and law-based funds and resources, bodies and entities, including EU resources. State audit should use INTOSAI standards compatible with EU standards, have operational and functional independence, sufficient resources and trained personnel. State audit should make reports based on facts and fair access and timely submit them to the Parliament and government.
Capacities for upgrading budget and financial management

It is necessary to adopt a coherent strategy for changes in fiscal system and it is necessary that there is a readiness for change at the highest level.
It is necessary to establish a special unit responsible for modernization of the budgetary system and its harmonization with EU concepts and procedures, that it is properly positioned in the government structure, to assigned responsibilities and a sufficient number of professional, highly educated, skilled, efficient and motivated employees.

IMF CODE VS *ACQUIS*

Analyzing the individual EU requirements in the sphere of budget and fiscal management (Table 2) it can be concluded that the EU requirements are compatible with IMF fiscal transparency standards. It is possible to identify four areas of fiscal transparency which are at the same time of the utmost importance for the IMF and fulfillment of EU requirements:

i. Establishment of medium-term budget frameworks
ii. Comprehensive including of extra-budgetary activities
iii. Effective accounting, reporting and monitoring
iv. Strengthening of intergovernmental fiscal relations[14].

If you analyze obligations from the *acquis* with the IMF Fiscal transparency code, fiscal transparency standards can be found in six chapters[15]: Chapter 16 – Taxation, Chapter 17 – Economic and monetary union, Chapter 18 – Statistics, Chapter 22 – Regional policy and coordination of structural elements, Chapter 32 – Financial Control, Chapter 33 – Financial and budgetary provisions.

Comparing requirements of the Code and mentioned chapters of the *acquis*, it can be concluded that there is no essential difference between these two sets of standards but that they complement each other in a similar way as there is a complementarity between the Code and OECD, UN, IFAC standards. In essence, standards of the Code and requirements of the *acquis* are focused on the same goals – **to achieve full transparency of public finances**. These two sets of standards *de facto* differ in only two things: the level of target interest group and binding. The aim of the IMF is that the application of the Code standards should ensure full accountability of national government to citizens for public funds granted to them for management. On the other hand, standards of fiscal transparency from the *acquis* are to ensure the harmonization of national fiscal policy with the overall macroeconomic objectives of the Union. Therefore, it can be concluded that the focus of the Code are objectives of citizens of a country, i.e. the efficiency of allocation of public resources at the national level, and the focus of the *acquis* is the financing of EU institutions and EU functioning. Second, the IMF Code is a framework for which the States are voluntarily opting, directing fiscal reforms by the Code standards, while requirements of the *acquis* are of formal and legal nature as derived from the contractual relationship between the future Member State and EU on the path to full membership.

INTERNATIONAL CONTRACTS OF B&H IN THE SCOPE OF FISCAL STATISTICS

Pre-accession obligations of prospective EU members include obligations under the Stabilization and Association Agreement. Provisions of the Agreement in the field of statistics[16] require Bosnia and Herzegovina to establish the cooperation with the EU in the field of statistics and to develop and establish efficient and sustainable statistical systems that can provide comparable, reliable, objective and accurate data needed for planning and monitoring process of transition and reform in B&H. Finally, in the process of taking over the *acquis*, B&H is obliged to carry out the

[14] Allan, W., Parry T., Fiscal Transparency in EU Accession Countries: Progress and Future Challenges, Working Paper No. 03/163, IMF, Washington, August 1, 2003.
[15] Source: www.europa.eu
[16] Ibid. Article. 88.

harmonization of statistical systems with basic statistical principles of the UN, the EU Code of statistical practice and provisions of European law in the filed of statistics. Obligations in the sphere of fiscal statistics can be found in the document on European partnership as European Standard. In the short term fiscal authorities in B&H have the obligation to improve the quality and coverage of statistics of consolidated government reports. In the medium term, B&H should ' *develop a reliable economic statistics and build institutional capacities capable to produce and publish basic statistical data harmonized with European standards, especially in the national accounts, agriculture, macroeconomic and business statistics as well as social statistics including education, labor force statistics and health*.'[17] Obligations in the field of fiscal statistics from the *stand-by* arrangement with the IMF are coherent with EU requirements. Fiscal authorities should ensure effective management and political system in the sphere of fiscal policy, which should contribute to the stability and sustainability of fiscal and macroeconomic system in order of servicing B&H obligations to the IMF in time and on the other side to ensure the fulfillment of economic conditions for the admission to EU membership (so-called Maastricht criteria). In addition, it is necessary to develop statistical and analytical capacities of fiscal authorities at all levels in B&H, including taking over statistics methodology of government finance of IMF (GFS[18]) and statistical qualifications and methodology of EUROSTAT in the sphere of fiscal statistics. By taking over international statistical methodologies in the field of fiscal statistics B&H will provide the technical platform needed for the monitoring and regular quarterly inspections to meet its obligations to the IMF. In the medium term it is expected that B&H will, by the reform of fiscal statistics, improve the quality of fiscal reports to the extent necessary that indicators of fiscal position of B&H general government as potential member can be compared with indicators of EU member states.

CONCLUSION

A choice of „European path", the publication of the European partnership requirements and entering into force of the Stabilization and Association Agreement with EU impose to B&H authorities a new quality and tempo of reform developing in the fiscal area in B&H. A new opportunity to accelerate essential reforms in the fiscal sector and public administration in general is the signing of the stand-by arrangement with the IMF.
By taking over commitments for the European partnership, signing the Stabilization and Association Agreement and joining to EU and stand-by arrangement with IMF, B&H authorities are obliged that will in the near future undertake international standards of financial and fiscal statistics of IMF and EU which significant segment is fiscal transparency standards.

Studies on the fiscal adjustment of new EU members have shown that there is a mutual interaction of effects achieved by the application of the Code standards and EU requirements. Given that requirements from the *acquis* represent the minimum required by the EU from future member states it is obvious that the IMF Code is much more detailed and comprehensive compared to EU requirements. From this implies that the fulfillment of IMF standards not only leads to the fulfillment of EU minimal requirements but also fiscal rules for entering to euro zone. Analyses of fiscal transparency (ROSC) carried out by the IMF at the time of entry new EU member states[19] have shown that the determination for full EU membership acted as a catalyst of overall process of adjusting fiscal policy of those countries to the IMF standards. On the other side, positive IMF reports on assessment of compliance with the Code standards for the EU represent the best signal that the fulfillment of obligations from the *acquis* is not only of formal character but that the future member state made substantial reforms of the fiscal system. In the same light interaction between stand-by arrangement of B&H with the IMF and Stabilization and

[17] Council Decision of 18 February 2008 on the principles, priorities and conditions containing in the European Partnership with Bosnia and Herzegovina and repealing Decision 2006/55/EC, OJ L 80, 19.3.2008.
[18] Government Finance Statistics, Manual, International Monetery Fund, 2001.
[19] See ROSC reports for new EU members in the period 2002-2003 on www.imf.org.

Association Agreement with the EU can be observed. Although the experiences of the IMF show that in many countries taking over IMF's standards of fiscal statistics represent the first step towards the compilation of the national general government fiscal statistics with EU standards, given circumstances impose different dynamics of the implementation of the comprehensive reform of fiscal statistics in B&H i.e. parallel harmonization with both IMF standards and EU requirements.

Given the importance of public finance transparency for the society democratization the process of public finance reform in B&H should not observe solely in terms of fiscal consolidation, closing the budget deficit of B&H and overcoming fiscal bad depth but also as an opportunity for accelerated democracy development and civil society awareness and improvement of the accountability of government structures within B&H. This should, ultimately, in addition to public finances, relax political relations within B&H as well.

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Foreign trade exchange for the period January-October 2010
(author: Mirela Kadić)

INTRODUCTION

Foreign trade analysis in the period January-October of the current year represents the continuation of the analysis previously issued in the Unit's bulletin. In this Bulletin we will focus on the effect of the global economic developments on foreign trade exchange of B&H with abroad. For this analysis we will use data on basic trade indicators for the first ten months of the current year, as well as for the several previous years.

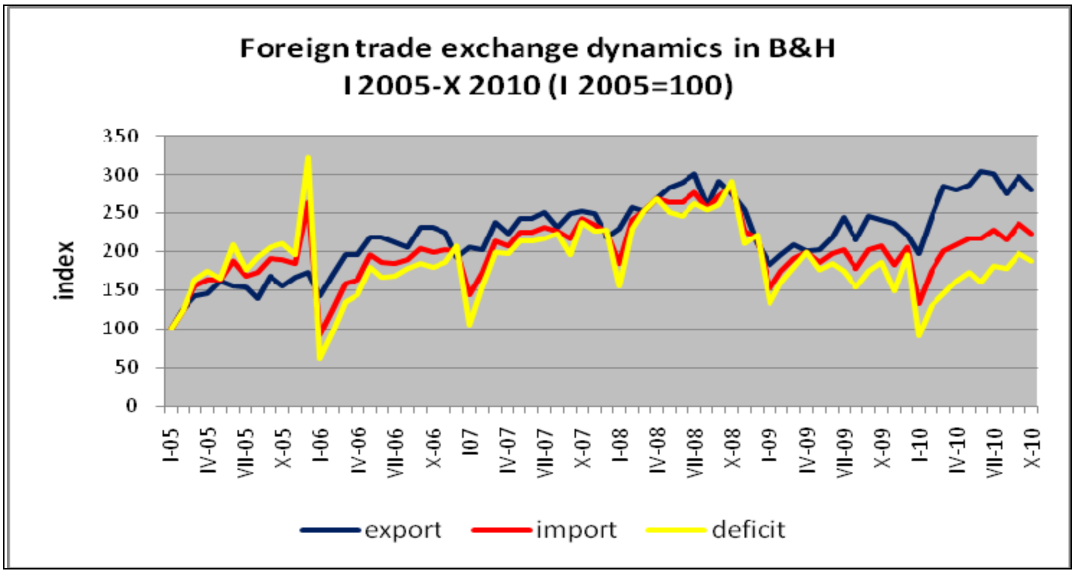

Chart 1

Chart 1 shows import, export and deficit dynamics in the period January 2005 to October 2010 whereas January 2005 represents a base. On the chart 1 distortion in the dynamics of all the curves is noted in the last quarter of 2008 that continued in 2009. In the second half of 2009 export curve has recorded significant growth, while import curve is stagnant. The highest monthly import value ever recorded since January 2005 is import value for October 2008, and it was more than 1,5 billion KM. The lowest import values are usually recorded in the first quarter, in January precisely, so the lowest value since January 2005 is the value recorded in January 2006 (503 million KM) and in January this year (719 million KM). On the other hand, the highest export value since January 2005 has been recorded in June 2010.

I-X	2006/2005	2007/2006	2008/2007	2009/2008	2010/2009
Export	39,75%	15,47%	15,90%	-20,44%	27,68%
Import	5,27%	23,88%	21,67%	-26,23%	8,63%
Volume	14,22%	21,21%	19,92%	-24,54%	14,50%
Deficit	-13,31%	31,18%	26,08%	-30,30%	-6,66%
Coverage	32,75%	-6,78%	-4,74%	7,85%	17,53%

Table 1

Export increased for 27,68% and import for only 8,63% in the first ten months of the current year compared with the same period of the previous year. Deficit has, consequently significantly declined and for the first ten months this year it was 5,3 billion KM, while the same data for the year 2008 was 8,15 billion KM. Overall volume of trade exchange increased for 14,5%[20], which is not so encouraging, having in mind the fact that the volume for the first ten months of the previous year compared with the same period in 2008 (pre-crisis year) has decline for almost 25%.

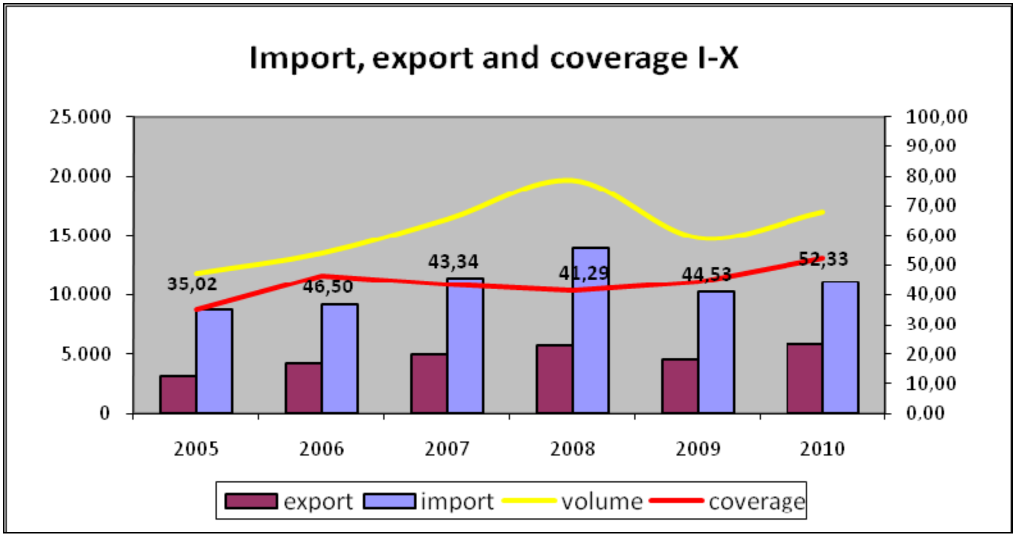

Chart 2

Red curve on chart 2 represents coverage of import by export in the first ten months since 2005. As we can see, the highest coverage was recorded for the first ten months of 2010 and it is 52,33%. Volume of trade (yellow curve), as we noted previously, has not still reached the value from 2008, solely due to the values of import. However, according to the seasonal movement patterns, the highest import values are usually recorded in the last quarters (except in 2008) therefore a final image on overall trade exchange can be created only after we obtain the annual data.

TRADE EXCHANGE STRUCTURE

Export

Export increased for 27,68% compared to the previous year. Groups of products achieved the most significant growth are: 'base metals and articles thereof'(51,53%), mineral products' (43,69%), 'chemical products' (46,8%), 'miscellaneous products' (of which the greatest share is referred to furniture) 24,59%, and group 'wood and pulp products' 29,79%. Table 2 shows ten groups of products, the most significant by their share in total export, their coverage, share in total export and growth compared to the previous year. Export growth rate higher than the average one (chart 3) has been recorded within the group 'vegetable products', 'hides and skin', but the share of these two groups in total export together is not so significant (3,26%). Export of the group 'textile and textile articles' has recorded a decrease in the first ten months of the current year (3,61%), as well as in the previous year (4,76%).

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[20] The latest World Trade Organization projections for 2010 are estimating world merchandise trade volume growth of 13,5% (available at: http://www.wto.org/english/news_e/news10_e/stts_01dec10_e.htm)

	GROUP OF PRODUCTS BY HSC (WTO)[21]	COVERAGE			SHARE (EXPORT)			EXPORT (GROWTH)	
	EXPORT	2008	2009	2010	2008	2009	2010	09/08	10/09
	TOTAL	**41,29%**	**44,53%**	**52,33%**	**100%**	**100%**	**100%**	**-20,44%**	**27,68%**
1	BASE METALS AND ARTICLES THEREOF	90,51%	97,17%	130,95%	27,60%	19,12%	22,69%	-44,89%	51,53%
2	MINERAL PRODUCTS	27,98%	44,08%	45,29%	11,87%	15,49%	17,43%	3,82%	43,69%
3	MACHINERY AND MECH.APPLIANCES	31,77%	33,74%	40,68%	12,21%	11,19%	9,75%	-27,07%	11,18%
4	MISCELLANEOUS PRODUCTS	153,59%	196,85%	252,17%	7,81%	9,71%	9,48%	-1,09%	24,59%
5	CHEMICAL PRODUCTS	30,89%	25,68%	35,90%	6,37%	5,93%	6,81%	-25,94%	46,80%
6	WOOD AND WOOD PRODUCTS	237,36%	263,32%	274,38%	7,45%	7,30%	5,97%	-21,96%	4,31%
7	HEADWEAR, FOOTWEAR	151,66%	156,40%	177,57%	5,43%	6,37%	5,80%	-6,64%	16,30%
8	TEXTILE AND TEXTILE PRODUCTS	45,31%	48,50%	44,77%	4,93%	5,90%	4,46%	-4,76%	-3,61%
9	PREPARED FOODSTUFF	15,13%	16,77%	18,62%	3,08%	4,24%	3,67%	9,62%	10,45%
10	WOOD AND PULP PRODUCTS	38,00%	42,51%	54,17%	2,12%	2,76%	2,81%	3,88%	29,97%

Table 2

Import

Import in the first ten months of this year increased for only 8,63%. Growth for the first six months was modest (4,45%), while for the third quarter it was 16,8%[22]. The most significant growth was within the group 'mineral products' (39,58%), 'base metals and articles thereof' (12,44%), 'vegetable products' (11,81%), and group 'plastic and rubber' (10,65%). Disturbing fact, on the other hand, is a decrease in capital goods import, group 'machinery and mechanical appliances' (7,79%) and 'transportation equipment' (5,41%). The poorest coverage, and also the one that most concerns, remains within the group 'prepared foodstuff' (only 18,62%).

	GROUP OF PRODUCTS BY HSC (WTO)[23]	COVERAGE			SHARE (IMPORT)			IMPORT (GROWTH)	
	IMPORT	2008	2009	2010	2008	2009	2010	09/08	10/09
	TOTAL	**41,29%**	**44,53%**	**52,33%**	**100%**	**100%**	**100%**	**-26,23%**	**8,63%**
1	MINERAL PRODUCTS	27,98%	44,08%	45,29%	17,51%	15,64%	20,14%	-34,10%	39,85%
2	MACHINERY AND MECH.APPLIANCES	31,77%	33,74%	40,68%	15,87%	14,77%	12,54%	-31,34%	-7,79%
3	PREPARED FOODSTUFF	15,13%	16,77%	18,62%	8,41%	11,27%	10,32%	-1,07%	-0,52%
4	CHEMICAL PRODUCTS	30,89%	25,68%	35,90%	8,51%	10,27%	9,93%	-10,91%	5,01%
5	BASE METALS AND ARTICLES THEREOF	90,51%	97,17%	130,95%	12,59%	8,76%	9,07%	-48,67%	12,44%
6	TRANSPORTATION EQUIPMENT	13,15%	16,57%	20,06%	8,04%	6,48%	5,65%	-40,53%	-5,41%
7	PLASTIC AND RUBBER	17,88%	18,08%	18,10%	4,81%	5,33%	5,43%	-18,25%	10,65%
8	TEXTILE AND TEXTILE PRODUCTS	45,31%	48,50%	44,77%	4,49%	5,42%	5,21%	-11,04%	4,42%
9	OTHER	24,09%	28,96%	23,77%	4,60%	4,99%	4,84%	-20,11%	5,54%
10	VEGETABLE PRODUCTS	9,22%	14,64%	20,81%	4,29%	4,26%	4,39%	-26,69%	11,81%

Table 3

[21] Harmonised code system of the World Trade Organisation
[22] Third quarter in 2010 compared with the same quarter of the previous year
[23] Harmonised code system of the World Trade Organisation

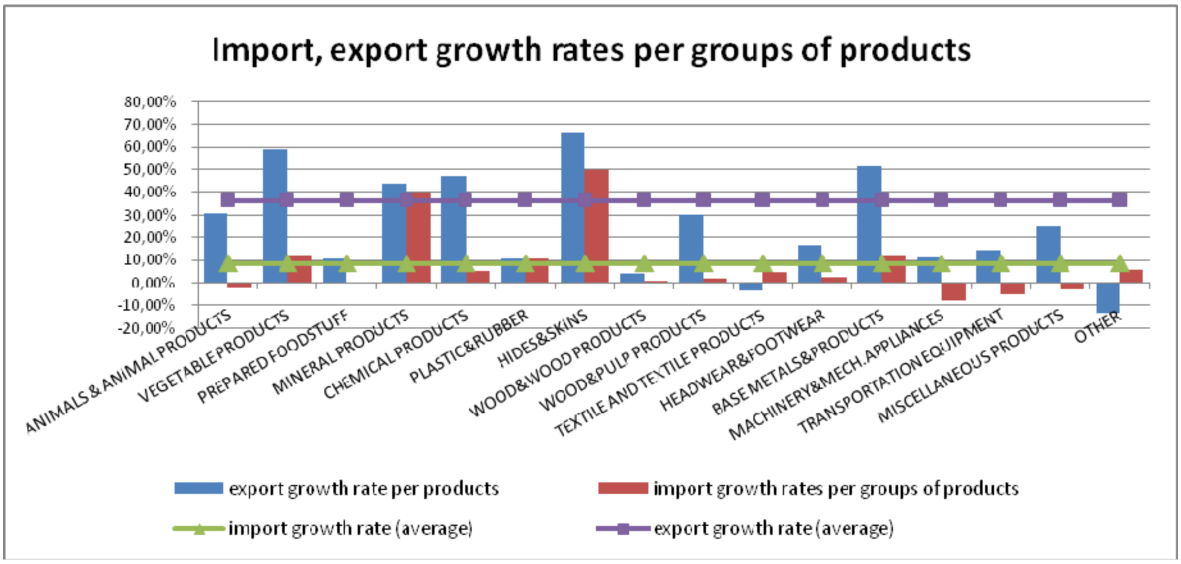


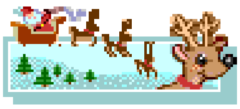
Chart 3

Chart 3 shows import and export growth rates per different group of products for the first ten months of the current year, as well as the average import and export growth rates for the same period.

INSTEAD OF THE CONCLUSION

In the first ten months of 2010 compared to the same period of the previous year following trends in foreign trade exchange of Bosnia and Herzegovina with abroad have been recorded:

- Export increased for 27,68%
- Import increased for 8,63%
- Overall volume of trade increased for 14,5%
- Deficit decreased for 6,66%
- Coverage of import by export is 52,33%



Consolidated reports

(authors: Aleksandra Regoje and Mirela Kadić)

Table 1. (Preliminary consolidated report for B&H)

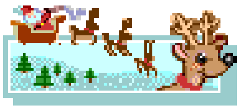
Preliminary consolidated report includes:

- revenues and expenditures of the budget of Institutions of Bosnia and Herzegovina,
- revenues and expenditures of the budget of the Federation of Bosnia and Herzegovina, cantons, municipalities and funds,
- revenues and expenditures of the budget of the Republika Srpska, municipalities and funds,
- revenues and expenditures of the budget of Brčko District and funds.

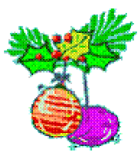
Table 2.1.-2.5. (Consolidated report: Cantons)

1. The consolidated report includes.
   - revenues and expenditures of the cantonal budgets,
   - revenues and expenditures of the budgets of related municipalities
2. Net financing = loans received – repayment of debt

*****



To all our associates in Ministries of Finance of BiH, Federation, Republika Srpska, Brcko District, cantons, municipalities and extra budgetary funds, as well as to all readers, we wish happy and succesfull New 2011!



Preliminary consolidated report for BiH, I-IX 2010

	Q1	Q2	Q3	Total
Revenues	2.287,9	2.685,2	2.681,8	7.654,9
Tax revenue	1.184,3	1.416,1	1.426,5	4.026,9
Indirect taxes	981,3	1.176,9	1.249,7	3.407,8
Direct taxes	203,0	239,2	176,8	619,1
Profit tax	77,6	107,9	52,3	237,8
Income tax	94,0	105,1	98,8	297,9
Other direct taxes	31,5	26,3	25,7	83,4
Social contributions	853,3	932,8	944,5	2.730,5
Nontax revenue	242,0	326,2	300,0	868,1
Grants	8,4	10,2	10,9	29,5
Expenditures	2.420,3	2.760,8	2.828,8	8.009,9
Gross wages and compensations	725,6	794,9	736,0	2.256,5
Purchases of goods and services	521,6	591,6	588,3	1.701,5
Subsidies and transfers	918,0	1.082,8	1.145,4	3.146,2
Interest payments	22,5	39,2	34,9	96,5
Foreign	15,4	32,9	14,4	62,7
Domestic	7,1	6,3	20,4	33,8
Other current expenditure	112,7	163,2	172,1	448,1
Capital expenditure	74,0	80,7	115,5	270,2
Other expenditure	58,4	30,8	54,5	143,7
Net lending and capital gains	-12,6	-22,3	-17,9	-52,8
Balance	-132,4	-75,6	-147,0	-355,0
Financing	132,4	75,6	147,0	355,0

Table 1.

Bosnia-Podrinje canton, I-IX 2010

		I	II	III	IV	V	VI	VII	VIII	IX	Q1	Q2	Q3	I-IX 2010
1	**Revenue** (11+12+13+14)	**2.789.712**	**2.491.593**	**2.466.264**	**3.007.294**	**3.150.936**	**3.163.416**	**3.330.508**	**3.372.464**	**5.393.112**	**7.747.570**	**9.321.646**	**12.096.083**	**29.165.299**
11	**Tax revenues**	**2.354.969**	**2.109.402**	**2.141.597**	**2.610.781**	**2.561.312**	**2.425.677**	**2.792.827**	**2.975.134**	**2.937.761**	**6.605.968**	**7.597.771**	**8.705.721**	**22.909.460**
	Income and profit tax	189.327	221.999	226.167	355.422	222.765	224.253	245.647	238.173	257.199	637.493	802.441	741.020	2.180.953
	Property tax	20.780	44.620	14.972	21.305	19.880	8.650	12.064	23.872	15.396	80.371	49.835	51.332	181.539
	Indirect taxes	2.144.691	1.842.553	1.900.165	2.233.829	2.318.483	2.192.382	2.534.914	2.712.898	2.664.936	5.887.409	6.744.694	7.912.749	20.544.852
	Other taxes	171	230	294	225	185	392	201	190	229	695	801	619	2.116
12	**Non-tax revenues**	**325.862**	**285.449**	**235.582**	**273.662**	**509.130**	**409.632**	**458.274**	**287.908**	**234.624**	**846.893**	**1.192.424**	**980.805**	**3.020.122**
13	**Grants**	**95.845**	**93.354**	**84.982**	**119.458**	**72.792**	**324.457**	**67.449**	**89.350**	**2.214.488**	**274.181**	**516.707**	**2.371.287**	**3.162.175**
14	**Other revenues**	**13.036**	**3.388**	**4.103**	**3.393**	**7.702**	**3.650**	**11.958**	**20.072**	**6.239**	**20.527**	**14.745**	**38.270**	**73.542**
2	**Expenditures** (21+22)	**2.746.925**	**3.248.773**	**2.938.706**	**2.932.537**	**3.495.079**	**2.791.299**	**3.632.738**	**2.884.812**	**5.546.413**	**8.934.404**	**9.218.914**	**12.063.963**	**30.217.281**
21	**Current expenditures**	**2.746.925**	**3.248.948**	**2.938.881**	**2.932.712**	**3.495.254**	**2.791.474**	**3.632.913**	**2.884.987**	**5.546.588**	**8.934.754**	**9.219.439**	**12.064.488**	**30.218.681**
	Gross wages and compensations	1.766.073	1.821.355	1.860.522	1.834.799	1.801.082	1.805.575	2.102.804	1.714.983	1.799.994	5.447.950	5.441.456	5.617.781	16.507.186
	Purchases of goods and services	431.172	363.368	431.632	261.796	325.632	267.884	300.880	234.633	440.668	1.226.171	855.312	976.182	3.057.665
	Grants	497.920	1.063.364	645.833	835.367	1.367.675	717.257	1.176.625	934.747	3.305.329	2.207.117	2.920.299	5.416.701	10.544.117
	Interests payments	51.559	862	806	749	865	758	52.604	623	597	53.227	2.372	53.824	109.423
	Other expenditures	200	0	89	0	0	0	0	0	0	289	0	0	289
22	**Net lending***	0	-175	-175	-175	-175	-175	-175	-175	-175	-350	-525	-525	-1.400
3	**Net acquisition of nonfinancial assets**	**47.007**	**30.182**	**118.454**	**22.606**	**60.473**	**264.558**	**182.895**	**12.235**	**380.028**	**195.643**	**347.637**	**575.158**	**1.118.437**
4	**Gov.surplus/deficit** (1-2-3)	**-4.219**	**-787.363**	**-590.895**	**52.152**	**-404.615**	**107.559**	**-485.125**	**475.417**	**-533.330**	**-1.382.477**	**-244.905**	**-543.037**	**-2.170.419**
5	**Net financing****	**-154.063**	**-14.020**	**-15.213**	**-14.630**	**-17.359**	**-16.464**	**-167.571**	**-15.276**	**-15.655**	**-183.297**	**-48.453**	**-198.502**	**-430.252**

Table 2.1.

Posavina canton, I-IX 2010

		I	II	III	IV	V	VI	VII	VIII	IX	Q1	Q2	Q3	I-IX 2010
1	**Revenue** (11+12+13+14)	**2.728.716**	**2.362.270**	**2.792.890**	**2.951.952**	**2.704.423**	**2.950.644**	**3.016.781**	**3.076.283**	**5.280.467**	**7.883.877**	**8.607.019**	**11.373.531**	**27.864.426**
11	**Tax revenues**	**2.179.459**	**1.926.371**	**2.067.830**	**2.392.316**	**2.219.168**	**2.034.388**	**2.344.753**	**2.498.318**	**2.549.922**	**6.173.660**	**6.645.872**	**7.392.993**	**20.212.524**
	Income and profit tax	240.531	357.081	506.180	469.451	355.295	256.885	295.196	278.536	287.718	1.103.792	1.081.631	861.450	3.046.874
	Property tax	33.683	61.587	29.473	141.498	25.491	33.378	36.144	50.325	38.967	124.743	200.367	125.436	450.545
	Indirect taxes	1.902.481	1.503.858	1.526.948	1.777.810	1.837.555	1.740.627	2.011.956	2.166.857	2.216.611	4.933.287	5.355.992	6.395.425	16.684.704
	Other taxes	2.764	3.846	5.228	3.556	828	3.498	1.456	2.600	6.625	11.838	7.882	10.682	30.401
12	**Non-tax revenues**	**529.791**	**435.899**	**635.281**	**537.086**	**364.971**	**444.023**	**578.117**	**557.664**	**452.635**	**1.600.971**	**1.346.080**	**1.588.416**	**4.535.467**
13	**Grants**	**19.466**	**0**	**89.780**	**22.550**	**120.284**	**22.056**	**93.911**	**20.300**	**2.277.911**	**109.246**	**164.889**	**2.392.122**	**2.666.257**
14	**Other revenues**	**0**	**0**	**0**	**0**	**0**	**450.178**	**0**	**0**	**0**	**0**	**450.178**	**0**	**450.178**
2	**Expenditures** (21+22)	**2.516.231**	**2.779.804**	**3.342.726**	**2.713.131**	**2.929.772**	**2.993.425**	**2.519.031**	**2.953.306**	**3.542.005**	**8.638.762**	**8.636.328**	**9.014.342**	**26.289.432**
21	**Current expenditures**	**2.526.231**	**2.779.804**	**3.342.726**	**2.713.131**	**2.929.772**	**2.993.425**	**2.519.031**	**2.953.306**	**3.552.005**	**8.648.762**	**8.636.328**	**9.024.342**	**26.309.432**
	Gross wages and compensations	1.591.081	1.639.424	1.667.987	1.658.966	1.650.866	1.634.467	1.497.852	1.745.270	1.898.912	4.898.492	4.944.299	5.142.033	14.984.824
	Purchases of goods and services	729.984	590.912	626.650	462.840	601.547	508.546	458.327	559.588	615.446	1.947.547	1.572.933	1.633.362	5.153.841
	Grants	191.151	548.949	1.045.455	590.294	676.322	835.357	561.841	647.528	1.009.845	1.785.555	2.101.973	2.219.213	6.106.741
	Interests payments	14.015	519	2.635	1.032	1.037	15.055	1.011	920	27.802	17.169	17.124	29.733	64.026
	Other expenditures	0	0	0	0	0	0	0	0	0	0	0	0	0
22	**Net lending***	-10.000	0	0	0	0	0	0	0	-10.000	-10.000	0	-10.000	-20.000
3	**Net acquisition of nonfinancial assets**	**143.463**	**15.575**	**149.601**	**326.078**	**288.549**	**262.041**	**-108.277**	**35.896**	**794.527**	**308.639**	**876.668**	**722.147**	**1.907.454**
4	**Gov.surplus/deficit** (1-2-3)	**69.022**	**-433.109**	**-699.437**	**-87.257**	**-513.898**	**-304.822**	**606.026**	**87.081**	**943.935**	**-1.063.524**	**-905.978**	**1.637.042**	**-332.460**
5	**Net financing****	**-38.284**	**0**	**0**	**0**	**0**	**-33.205**	**0**	**0**	**-61.489**	**-38.284**	**-33.205**	**-61.489**	**-132.978**

Table 2.2.

Central Bosnia canton, I-IX 2010

		I	II	III	IV	V	VI	VII	VIII	IX	Q1	Q2	Q3	I-IX 2010
1	**Revenue** (11+12+13+14)	**15.023.545**	**13.518.837**	**14.271.054**	**16.201.417**	**16.837.755**	**16.487.177**	**17.102.745**	**18.056.308**	**17.890.732**	**42.813.436**	**49.526.349**	**53.049.785**	**145.389.569**
11	**Tax revenues**	**12.536.490**	**11.209.102**	**11.627.750**	**13.565.437**	**14.186.132**	**13.017.296**	**14.511.228**	**15.320.045**	**14.920.937**	**35.373.342**	**40.768.865**	**44.752.210**	**120.894.417**
	Income and profit tax	1.711.595	1.699.951	1.867.334	2.169.977	2.428.002	1.893.816	1.634.597	1.714.118	1.406.622	5.278.879	6.491.795	4.755.338	16.526.012
	Property tax	338.414	496.048	375.361	393.851	375.607	374.634	402.821	358.851	504.505	1.209.822	1.144.091	1.266.177	3.620.090
	Indirect taxes	10.476.726	8.996.477	9.376.777	10.992.836	11.373.616	10.738.086	12.461.818	13.236.412	12.982.013	28.849.980	33.104.538	38.680.243	100.634.761
	Other taxes	9.755	16.627	8.278	8.774	8.908	10.760	11.992	10.664	27.797	34.660	28.441	50.452	113.554
12	**Non-tax revenues**	**2.315.995**	**2.116.970**	**2.445.591**	**2.337.662**	**2.342.786**	**2.913.703**	**2.227.915**	**2.111.731**	**2.119.601**	**6.878.556**	**7.594.151**	**6.459.247**	**20.931.954**
13	**Grants**	**171.060**	**187.765**	**197.713**	**298.318**	**308.837**	**556.177**	**363.602**	**624.532**	**850.194**	**556.538**	**1.163.332**	**1.838.328**	**3.558.198**
14	**Other revenues**	**0**	**5.000**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**5.000**	**0**	**0**	**5.000**
2	**Expenditures** (21+22)	**12.723.697**	**13.776.924**	**15.845.223**	**14.737.658**	**14.503.370**	**16.132.802**	**15.231.991**	**15.628.071**	**20.028.709**	**42.345.844**	**45.373.830**	**50.888.771**	**138.608.445**
21	**Current expenditures**	**12.723.697**	**13.776.924**	**15.861.555**	**14.737.658**	**14.503.370**	**16.132.802**	**15.231.991**	**15.628.071**	**20.028.709**	**42.362.176**	**45.373.830**	**50.888.771**	**138.624.777**
	Gross wages and compensations	8.717.393	9.072.322	10.171.382	9.194.860	9.134.602	10.073.951	10.222.707	8.552.134	10.109.598	27.961.096	28.403.413	28.884.438	85.248.948
	Purchases of goods and services	2.063.634	1.949.141	1.864.729	1.790.977	1.537.439	1.496.857	1.477.325	1.297.852	1.868.165	5.877.504	4.825.273	4.643.343	15.346.120
	Grants	1.877.196	2.669.265	3.712.525	3.649.107	3.659.562	4.438.447	3.429.009	5.644.014	7.829.723	8.258.987	11.747.116	16.902.745	36.908.848
	Interests payments	12.063	12.586	33.516	24.855	91.859	45.600	23.065	57.247	101.858	58.165	162.314	182.170	402.650
	Other expenditures	53.411	73.609	79.403	77.860	79.909	77.945	79.885	76.823	119.366	206.423	235.714	276.075	718.212
22	**Net lending***	0	0	-16.332	0	0	0	0	0	0	-16.332	0	0	-16.332
3	**Net acquisition of nonfinancial assets**	**-29.165**	**81.593**	**83.466**	**526.494**	**294.471**	**207.177**	**589.624**	**428.830**	**945.225**	**135.894**	**1.028.142**	**1.963.679**	**3.127.715**
4	**Gov.surplus/deficit** (1-2-3)	**2.329.013**	**-339.680**	**-1.657.635**	**937.266**	**2.039.913**	**147.197**	**1.281.129**	**1.999.407**	**-3.083.202**	**331.698**	**3.124.377**	**197.334**	**3.653.409**
5	**Net financing****	**-24.152**	**50.026**	**-22.443**	**297.861**	**4.090.903**	**-104.656**	**-105.214**	**-104.129**	**-104.693**	**3.430**	**4.284.107**	**-314.036**	**3.973.501**

Table 2.3.

Tuzla canton, I-IX 2010

		I	II	III	IV	V	VI	VII	VIII	IX	Q1	Q2	Q3	I-IX 2010
1	**Revenue** (11+12+13+14)	**30.358.327**	**26.908.950**	**31.262.669**	**32.456.982**	**33.628.622**	**32.251.186**	**37.158.415**	**35.849.086**	**41.049.027**	**88.529.946**	**98.336.790**	**114.056.528**	**300.923.264**
11	**Tax revenues**	**26.258.636**	**21.837.188**	**24.010.104**	**26.428.823**	**27.862.461**	**25.400.857**	**28.392.480**	**30.172.348**	**31.037.564**	**72.105.928**	**79.692.141**	**89.602.393**	**241.400.462**
	Income and profit tax	5.472.231	3.594.670	5.498.718	4.754.483	5.746.666	3.702.780	3.989.161	4.136.349	5.489.938	14.565.619	14.203.930	13.615.449	42.384.997
	Property tax	568.896	1.150.727	819.224	819.005	636.145	815.963	701.609	921.877	912.475	2.538.847	2.271.113	2.535.961	7.345.921
	Indirect taxes	20.211.964	17.079.310	17.678.826	20.762.984	21.471.505	20.399.633	23.694.097	25.071.170	24.577.706	54.970.100	62.634.122	73.342.973	190.947.195
	Other taxes	5.545	12.480	13.337	92.351	8.145	482.480	7.613	42.951	57.446	31.362	582.976	108.010	722.348
12	**Non-tax revenues**	**3.647.071**	**4.662.788**	**6.880.193**	**5.179.980**	**4.812.102**	**6.163.859**	**7.923.433**	**4.946.843**	**8.948.221**	**15.190.053**	**16.155.941**	**21.818.497**	**53.164.490**
13	**Grants**	**452.619**	**387.874**	**369.486**	**806.678**	**954.059**	**686.371**	**830.002**	**719.920**	**1.057.621**	**1.209.979**	**2.447.108**	**2.607.543**	**6.264.631**
14	**Other revenues**	**0**	**21.100**	**2.886**	**41.500**	**0**	**100**	**12.500**	**9.975**	**5.620**	**23.986**	**41.600**	**28.095**	**93.681**
2	**Expenditures** (21+22)	**25.739.449**	**30.171.411**	**35.531.548**	**32.154.398**	**31.511.755**	**34.409.537**	**31.645.464**	**31.318.295**	**35.240.150**	**91.442.409**	**98.075.691**	**98.203.908**	**287.722.008**
21	**Current expenditures**	**25.879.766**	**30.313.594**	**34.207.680**	**31.145.716**	**31.613.808**	**33.776.851**	**31.202.384**	**31.220.331**	**35.145.002**	**90.401.040**	**96.536.375**	**97.567.717**	**284.505.133**
	Gross wages and compensations	19.713.866	20.287.512	22.405.605	20.435.429	20.240.309	20.386.067	18.884.429	18.142.681	20.295.221	62.406.984	61.061.805	57.322.332	180.791.121
	Purchases of goods and services	3.219.606	4.281.605	4.668.429	4.637.165	4.159.126	5.783.276	6.004.824	4.694.602	5.157.284	12.169.640	14.579.567	15.856.710	42.605.918
	Grants	2.837.194	5.606.617	6.945.214	5.952.454	6.829.196	7.435.533	6.093.948	8.173.145	9.474.940	15.389.025	20.217.183	23.742.033	59.348.241
	Interests payments	45.079	6.466	5.549	8.382	214.865	5.334	46.442	77.603	4.425	57.095	228.581	128.470	414.146
	Other expenditures	64.020	131.394	182.882	112.287	170.311	166.640	172.740	132.300	213.133	378.296	449.238	518.174	1.345.708
22	**Net lending***	-140.317	-142.183	1.323.868	1.008.681	-102.052	632.687	443.079	97.964	95.148	1.041.368	1.539.316	636.191	3.216.875
3	**Net acquisition of nonfinancial assets**	**464.326**	**1.387.286**	**1.161.225**	**1.052.362**	**800.035**	**1.803.494**	**1.192.968**	**2.703.919**	**3.161.985**	**3.012.837**	**3.655.891**	**7.058.872**	**13.727.600**
4	**Gov.surplus/deficit** (1-2-3)	**4.154.551**	**-4.649.747**	**-5.430.104**	**-749.778**	**1.316.832**	**-3.961.845**	**4.319.983**	**1.826.872**	**2.646.892**	**-5.925.300**	**-3.394.791**	**8.793.747**	**-526.344**
5	**Net financing****	**-208.495**	**-58.799**	**-117.526**	**-323.404**	**-161.924**	**-104.927**	**-224.814**	**-121.068**	**-103.792**	**-384.821**	**-590.255**	**-449.674**	**-1.424.749**

Table 2.4.

West Herzegovina canton, I-IX 2010

		I	II	III	IV	V	VI	VII	VIII	IX	Q1	Q2	Q3	I-IX 2010
1	**Revenue** (11+12+13+14)	**6.131.904**	**5.736.966**	**7.935.977**	**7.859.545**	**6.874.737**	**6.537.241**	**7.246.733**	**8.759.767**	**7.766.526**	**19.804.847**	**21.271.522**	**23.773.025**	**64.849.395**
11	**Tax revenues**	**5.219.291**	**4.654.636**	**6.430.852**	**6.691.064**	**5.862.013**	**5.270.642**	**6.050.543**	**7.570.239**	**6.154.521**	**16.304.779**	**17.823.719**	**19.775.302**	**53.903.800**
	Income and profit tax	928.665	871.005	2.166.438	2.163.504	1.219.437	1.260.081	1.321.922	1.072.282	1.177.877	3.966.108	4.643.022	3.572.082	12.181.212
	Property tax	176.681	225.885	191.383	95.005	123.834	63.577	81.638	84.982	178.666	593.950	282.416	345.286	1.221.652
	Indirect taxes	4.002.605	3.432.952	3.611.984	4.183.560	4.410.521	3.868.563	4.565.502	6.360.530	4.744.215	11.047.542	12.462.644	15.670.248	39.180.434
	Other taxes	111.340	124.793	461.046	248.995	108.221	78.421	81.480	52.444	53.762	697.180	435.637	187.686	1.320.503
12	**Non-tax revenues**	**882.840**	**1.064.335**	**1.445.802**	**1.096.838**	**940.772**	**1.175.166**	**1.009.237**	**1.112.608**	**910.105**	**3.392.977**	**3.212.776**	**3.031.949**	**9.637.702**
13	**Grants**	**29.773**	**17.995**	**33.412**	**71.643**	**71.952**	**91.432**	**127.811**	**76.920**	**701.900**	**81.179**	**235.028**	**906.631**	**1.222.837**
14	**Other revenues**	**0**	**0**	**25.912**	**0**	**0**	**0**	**59.143**	**0**	**0**	**25.912**	**0**	**59.143**	**85.054**
2	**Expenditures** (21+22)	**6.238.830**	**8.672.309**	**8.475.701**	**6.689.862**	**6.743.277**	**7.523.620**	**10.498.466**	**6.482.837**	**6.978.442**	**23.386.840**	**20.956.758**	**23.959.744**	**68.303.342**
21	**Current expenditures**	**6.238.830**	**8.672.309**	**8.475.701**	**6.689.862**	**6.743.277**	**7.523.620**	**10.498.466**	**6.482.837**	**6.978.442**	**23.386.840**	**20.956.758**	**23.959.744**	**68.303.342**
	Gross wages and compensations	4.084.986	3.962.237	4.139.395	3.995.317	3.980.984	3.976.202	4.944.272	3.950.469	4.377.536	12.186.618	11.952.502	13.272.277	37.411.397
	Purchases of goods and services	921.914	858.308	967.591	580.961	761.927	861.626	567.965	649.846	1.173.205	2.747.812	2.204.514	2.391.016	7.343.342
	Grants	974.394	3.576.546	3.036.123	1.783.494	1.755.508	2.241.510	4.660.567	1.461.231	1.030.216	7.587.063	5.780.511	7.152.014	20.519.589
	Interests payments	55.094	56.811	58.058	118.266	92.166	180.066	84.560	121.661	111.291	169.962	390.497	317.511	877.971
	Other expenditures	202.443	218.407	274.534	211.825	152.691	264.217	241.102	299.629	286.195	695.384	628.733	826.926	2.151.043
22	**Net lending***	0	0	0	0	0	0	0	0	0	0	0	0	0
3	**Net acquisition of nonfinancial assets**	**31.008**	**192.662**	**400.947**	**-52.993**	**681.126**	**98.862**	**331.223**	**108.941**	**19.051**	**624.617**	**726.996**	**459.215**	**1.810.828**
4	**Gov.surplus/deficit** (1-2-3)	**-137.935**	**-3.128.004**	**-940.671**	**1.222.675**	**-549.666**	**-1.085.241**	**-3.582.956**	**2.167.989**	**769.033**	**-4.206.610**	**-412.232**	**-645.934**	**-5.264.776**
5	**Net financing****	**-97.136**	**-151.738**	**3.526.078**	**-1.455.840**	**5.184.961**	**-624.071**	**-423.901**	**-37.454**	**-523.712**	**3.277.203**	**3.105.050**	**-985.067**	**5.397.185**

Table 2.5.