



**THE STABILIZATION AND ASSOCIATION AGREEMENT (SAA) BETWEEN
BOSNIA AND HERZEGOVINA (BIH) AND THE EUROPEAN UNION:
Impacts of the Adaptation Protocol (AP) on the Agriculture and Food
Sector**

The Stabilization and Association Agreement (SAA) between Bosnia and Herzegovina (BiH) and the European Union: Impacts of the Adaptation Protocol (AP) on the Agriculture and Food Sector

The World Bank Group¹

KEY MESSAGES:

In the short term, the Adaptation Protocol (AP) of the SAA will result in tariff revenue losses for BiH and may place additional pressure on some sectors. The World Bank carried out a trade analysis to identify potential effects of this AP on the imports from the EU on consumption and local production of agricultural and food products. The maximum tariff revenue loss for agriculture and food imports from the EU-28 was estimated to range between BAM 51 and 68 million annually, based on available production and trade data. This estimate provides a partial perspective on the trade flows; technology changes, as well as consumer benefits of reduced prices can offset these short term effects.

Trade liberalization has been ongoing for a decade in BiH, as in other countries in the region, and will continue to influence trade flows. In June 2008 an Interim Stabilization and Association Agreement (SAA) on trade and trade-related issues enters into force. On February 1st 2017, the Adaptation Protocol (AP) adapting the Stabilization and Association Agreement (SAA) between BiH and the EU provisionally entered into force. The SAA AP affects 8 percent of BiH's agriculture and food imports from EU-27 and Croatia. The majority of agricultural and food imports from the EU-27 and Croatia have already been liberalized.

Improving the competitiveness of the agri-food sector in BiH is a good proposition in a transforming environment. This is a process that can be built around three key areas: (i) investments in the productive and entrepreneurial capacity of agricultural producers, linking them to markets and building their comparative advantages; (ii) investments in an integrated information system for decision making, where both compliance mechanisms (food safety measures, registries, etc.) to EU accession and other information (prices of important products, weather data, extension services, etc.) can build resilience and improve the capacity to respond to trade and climate pressures of small producers, hence making them more competitive in a rapidly changing agro-ecological and socio-politic environment; (iii) strengthening the capacity of the Government to provide an enabling environment for these investments to have impact.

¹ The analysis was carried out by Alberto Portugal and Lulu Shui, with comments and suggestions received from Michael Ferrantino, Irina Schuman, Paolo Correa, Julian Lampietti, Daniel Gerber, Javier Suarez, and Svetlana Edmeades for their helpful comments and suggestions.

Background on the Stabilization and Association Agreement (SAA) and the Adaptation Protocol (AP)

Trade relations between Bosnia and Herzegovina (BiH) and the European Union (EU) are governed by the Stabilization and Association Agreement (SAA). The SAA between the EU and Bosnia and Herzegovina - a key step towards EU accession –provides the formal mechanisms and timelines to bring BiH closer to EU standards, supporting movement towards eventual EU accession. Full and effective implementation of the SAA is required for any further assessment by the EU of the country’s accession prospects. The entry into force of the SAA, and its effective implementation, provides a positive signal of progress towards EU accession. As such it can increase the confidence of investors, domestic and international in the country. A key element of the SAA is the liberalization of bilateral trade, which was already put in place with the entry into force in June 2008 of the Interim Agreement on trade and trade-related issues,

On February 1st 2017, the Adaptation Protocol (AP) adapting the Stabilization and Association Agreement between BiH and the EU provisionally entered into force. BiH had been required to adapt the SAA after Croatia became an EU member in July 2013². Croatia, along with BiH, was a member of the Central European Free Trade Agreement (CEFTA), but was obligated to leave CEFTA upon its accession to the EU. As a result, the EU demanded that the concessions between the two sides be adjusted according to the trade flows that existed between BiH and Croatia prior to the accession of Croatia to the EU. The BiH authorities refused to do so out of concerns about the impact that this would have on the country's agricultural sector. Subsequently, the EU suspended BiH's preferential trade arrangements (Autonomous Trade Measures, ATM³) as of January 1, 2016. In 2016 the adaptation of the SAA, through the implementation of the AP, was made a crucial condition of BiH's EU membership application process. On July 18th 2016, BiH agreed to adapt the SAA to take into account bilateral trade with Croatia. On September 9th, the BiH government adopted a protocol on adjusting the SAA, which was signed in December 2016.

The new AP provides preferential market access for both, EU agricultural and food products into BiH and BiH agricultural and food products into the EU market. This market access reflects trade preferences and trade flows that existed between BiH and Croatia under CEFTA. Under the terms of the new AP, agricultural and food producers from BiH benefit from access to the EU through the increase of relevant quotas for exports of wine, sugar and fish. EU agricultural and food producers will have market access to BiH through the creation of tariff rate-quotas (TRQs) for a number of products.

Study Objectives and Limitations

The objective of this note is to provide insights into the potential effect of the AP on imports of EU agricultural, food and fisheries products into BiH. We adapt and calibrate the Tariff Reform Impact

² In connection with Croatia’s EU accession, the EU negotiated and signed adaptations to all its existing trade agreements with third countries, including BiH.

³ The EU’s “autonomous trade measures” (ATM) grant exceptional and unlimited duty-free access to the EU market for almost all agricultural and processed food products originating in the Western Balkan countries. Between 2000 and 2016, ATM allowed BiH exporters to also be exempt from EU specific duties on imports of fresh fruits and vegetables related to the so-called entry price system which aims at stabilizing the EU market by preventing the price levels in non-EU countries from having repercussions on prices within the EU. ATM was reintroduced in relation to BiH on February 1, 2017 and will remain in force in relation to all Western Balkan countries until 2020.

Simulation Tool (TRIST)⁴, a partial equilibrium trade model developed by the World Bank, to estimate the impact of imports from the EU on consumption and local production of agricultural and food products for which disaggregated data is available. The impact of a change in tariffs is modeled in a simple partial equilibrium trade model with imperfect substitution between imports from different trading partners and domestic production. The team benefitted from the cooperation with the counterparts (MOFTER and Ministries) regarding data and inputs.

This analysis has important limitations and the results should be considered as indicative estimates.

This is a trade analysis that only partially reflects the overall impact and provides a very short term perspective on trade interactions. TRIST is a static model that depends on the availability of disaggregated agricultural data on both imports and production. The following aspects need to be kept in mind when drawing conclusions from this report:

- The model does not take into account the impact of EU enhanced market access on BH exports;
- The model does not estimate the potential impact of non-tariff barriers that may exist;
- The model only considers products for which there is correspondence between production and import data, which was not the case for some products (e.g. processed food) and these were not considered in the analysis;
- The model estimates rely on trade data available until 2015 and FAO production data available until 2013; data for 2016 was not available at the time the analysis was carried out;
- The model provides estimates of direct revenue losses connected to the tariff; no indirect loss related to the value of the liberalized import is estimated;
- The model does not consider changes in technology, which can influence productivity and hence production volumes.

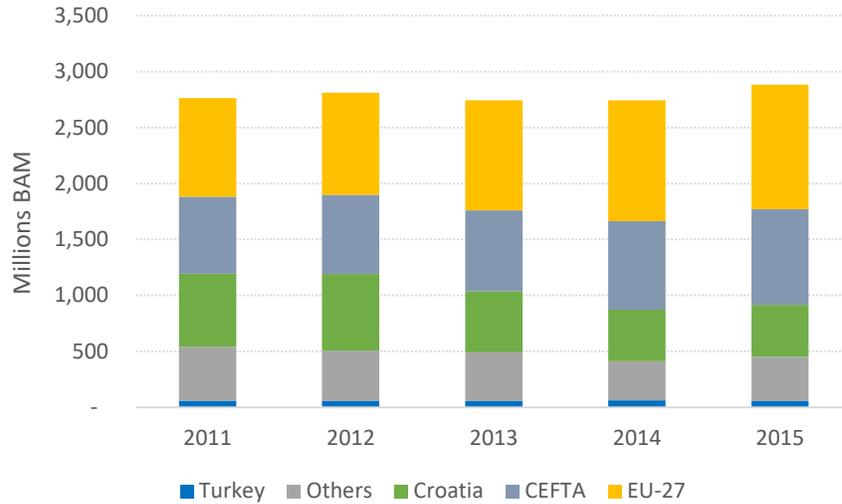
Descriptive analysis

Total BiH's agricultural imports have been relatively stable from 2011 to 2015. The EU-27, CEFTA and Croatia are three major trading partners with BiH, together accounting for over 80 percent of BiH's agricultural imports (Figure 1). Beverages, cereal and animal products dominate BiH's imports from its major trading partners, as shown in table A1 of the Appendix. The SAA AP affects 8 percent of BiH's agriculture and food imports from EU-27 and Croatia. To estimate the share of imports from the EU and Croatia that will be affected by the implementation SAA AP, we focus on BiH imports in 2015, the last year with available imports data. Figure 2 shows that the majority of agricultural and food imports from the EU-27 and Croatia have already been liberalized.⁵ Imports that will be partially liberalized in 2017 under the new TRQs have a total value of just under BAM 120 million of equivalent 2015 imports.

⁴ For more information on TRIST, please refer to Brenton et al. (2009) as well as the World Bank's TRIST homepage: <http://go.worldbank.org/2X11C75J40>

⁵ Article 34.1 of the SAA states: "From the date of entry into force of this Agreement, no new customs duties on imports or exports or charges having equivalent effect shall be introduced, nor shall those already applied be increased, in trade between the Community and Bosnia and Herzegovina". Annex III of the SAA has five sections, each one describing a modality for tariff reduction from the date of entry into force of the Agreement, including Annex III(f) that was introduced by the Adaptation Protocol.

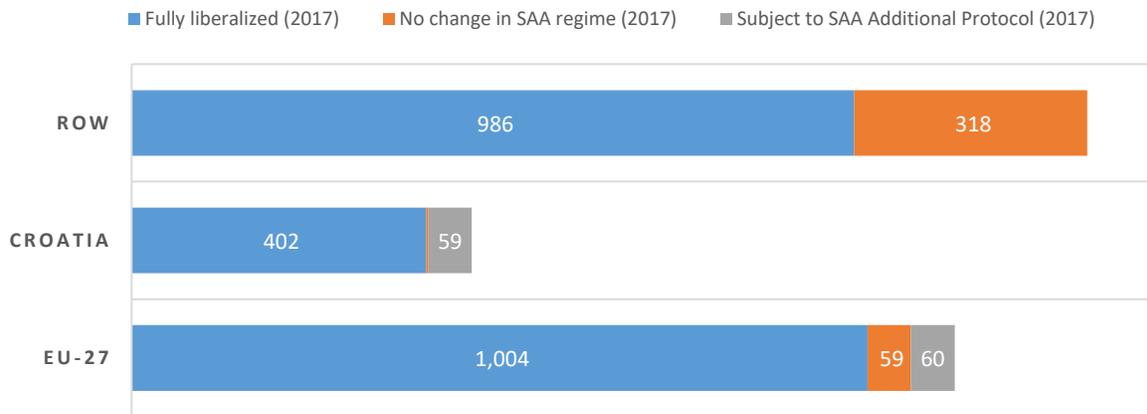
Figure 1: Origin of agricultural and food imports in BH



Source: Staff calculations using data shared by the BH Government.

Note: Agricultural and food imports refer to products under chapters 1-24 of the Harmonized System (HS).

Figure 2:
Value of BH agriculture and food imports (BAM million, 2015), by origin and tariff status (as applicable at the entry into force of the protocol adapting the SAA)



Source: Staff calculations using data shared by the BH Government.

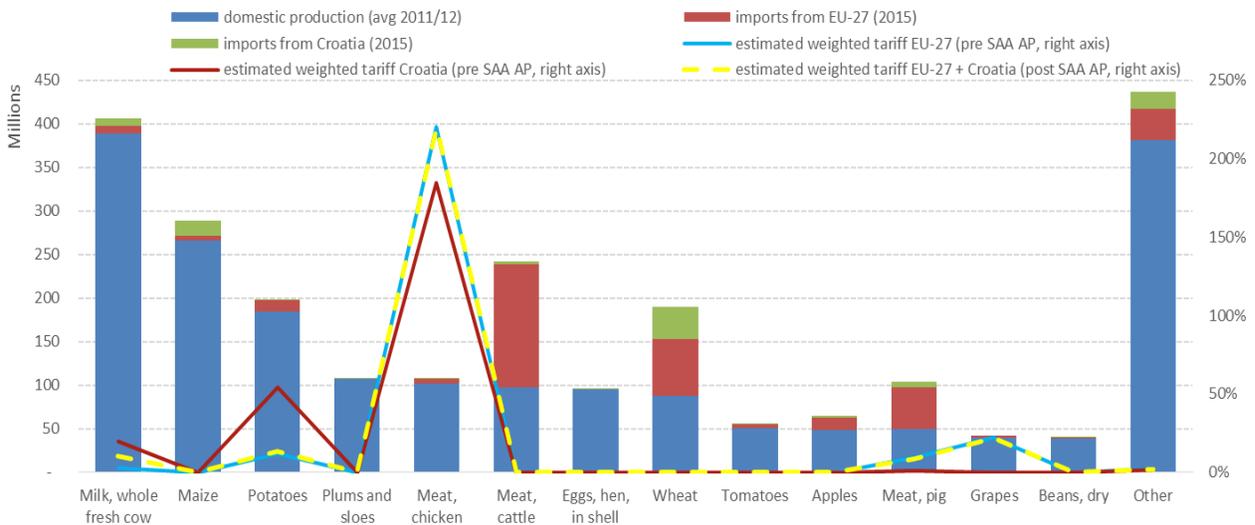
Notes: 1. Agricultural and food imports refer to products under chapters 1-24 of the Harmonized System (HS); 2. The SAA AP (entered into force on 02/01/2017) provides for increases in tariff rate quotas (TRQs) for 68 HS-10 digit tariff lines; 3. RoW stands for Rest of the World.

Tariff levels on imports into BiH from EU-27 and Croatia differ greatly across product groups. Figure 3 shows the domestic production for different products, the imports of these products from Croatia and EU-27, as well as the weighted average these imports were confronted before and after the entry into force of the SAA AP.⁶ Most categories have tariffs close to zero once the SAA AP is in force, except for chicken and a lower extent for potatoes, grapes and milk. Chicken meat has the highest protection level equal to an ad valorem equivalent (AVE) rate of over 200 percent, mainly because the relative high-specific

⁶ The details of TRQs in place on Feb 2017, as part of the SAA and AP are included in table A2 in the Appendix

tariffs included in its compound tariffs.⁷ As a consequence, EU-27 imports are relatively small compared to domestic production. It is worth mentioning that the AVE of compound tariffs varies in time if there are changes in the unit price of the trade good. Some products of Croatian origin are likely to be liberalized by the SAA AP, such as potatoes and milk.

Figure 3
Domestic production, imports from the EU, and tariffs for different products.



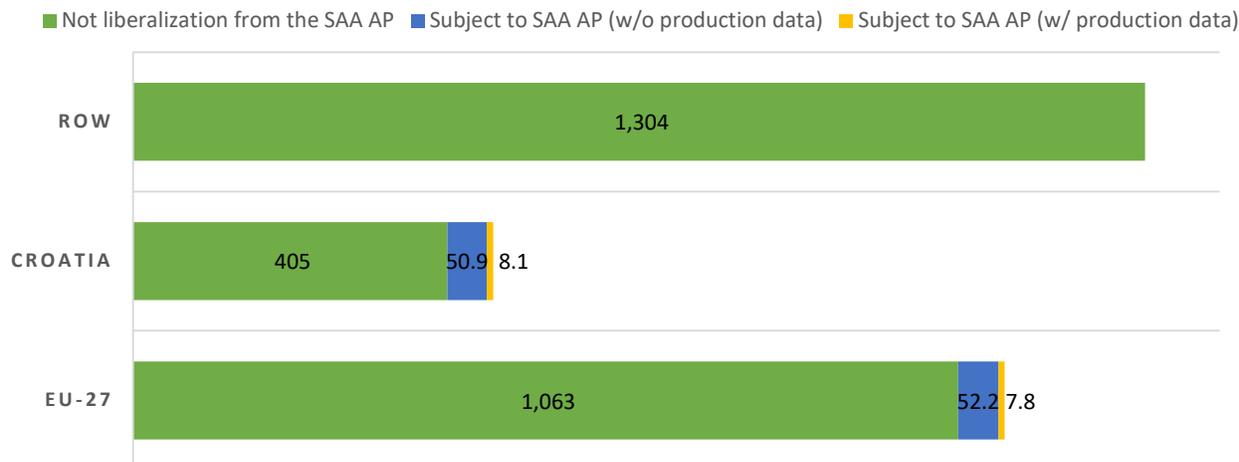
Source: Staff calculations using data compiled from FAO and shared by the BH Government.

Note: Production and imports are in BAM million, whereas the weighted tariffs are in percentage.

Data constraints limited the extent of the modelling exercise, and in particular, the impact assessment on domestic production. Production data was taken from the FAO, which was only available for some primary and fresh food products until 2013. We were able to simulate the impact of the SAA AP only on categories that had data on production. Yet, as shown in Figure 4, most of imports are not affected by the SAA AP either because they have been already liberalized by Jan 2017 or because the SAA regime does not specify yet a change in the tariff regime. Figure 4 shows the amount of EU imports that have not been liberalized (in green). Among imports having a change in tariffs or subject to SAA (grey bars in Figure 2), Figure 4 differentiates products for which no production data is available (blue bars) from products with FAO production data (orange bars).

⁷ Compound tariffs have two components: (i) an *ad valorem tariff* that is calculated as a percentage of the value of the product, and (ii) a *specific tariff* expressed as monetary terms per physical unit of the good being imported.

Figure 4
Value of BH agriculture and food imports (BAM million, 2015), by effect of the SAA AP



Source: Staff calculations using data shared by the BiH Government.

Notes: 1. Agricultural and food imports refer to products under chapters 1-24 of the Harmonized System (HS); 2. The SAA Adaptation Protocol (entered into force on 02/01/2017) provides for increases in tariff rate quotas (TRQs) for 68 HS-10-digit tariff lines.

TRIST Model and Simulation Strategy

The Tariff Reform Impact Simulation Tool (TRIST), a partial equilibrium model, is used to estimate the effects of SAA AP adoption on imports and domestic production in BH. The World Bank has developed TRIST, a simulation tool that can be used by policy makers in client countries to analyze the adjustment implications of trade reform. When appropriate data are available, it can provide information on the short-term relative vulnerability of different sectors in the domestic economy in terms of output and employment.⁸ The tool was developed to provide better estimates of the impact of changes in tariffs on government revenues, imports, protection and prices. It is flexible and can incorporate tariff liberalization scenarios involving any group of trading partners and any schedules of products, it runs in Excel, with formulas and calculation steps visible to the user; and is open-source and users are free to change, extend, or improve according to their needs.⁹

The trade model in TRIST is a partial equilibrium model that treats demand for each product in isolation from the rest of the economy. Hence, it does not take into account inter- and intra-sectoral linkages or the economy wide impacts of tariff changes. But this is not the primary objective of TRIST, which is designed so as to avoid the degree of aggregation of the data that would be necessary in order to implement economy wide computable equilibrium models and to remain simple and transparent in its

⁸ It can also be linked to household budget data to trace the influence of changes in prices following trade reform to household expenditures and the costs of attaining the given consumption bundle

⁹ The tool and extensive documentation can be found in the webpage:

<http://econ.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTRESEARCH/EXTPROGRAMS/EXTTRADERESEARCH/0,,contentMDK:21537281~pagePK:210058~piPK:210062~theSitePK:544849,00.html>

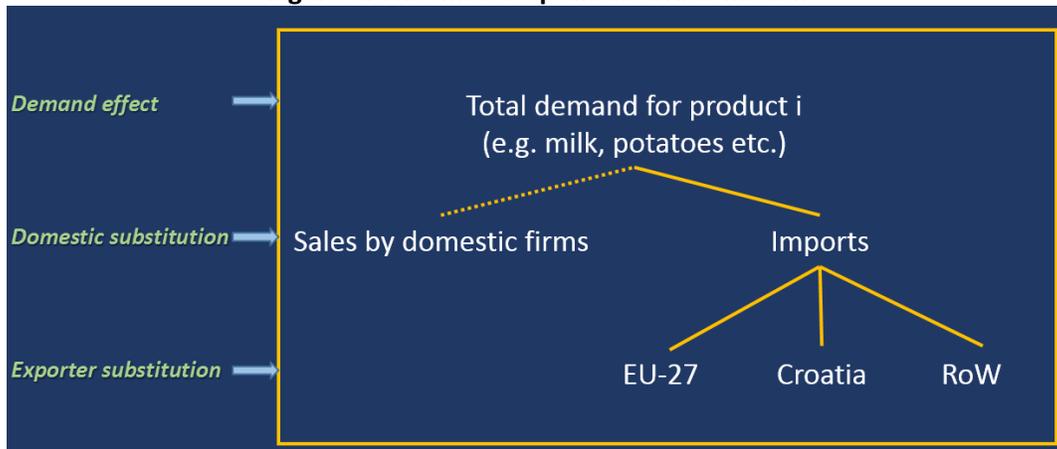
assumptions, with the flexibility to adjust the key parameters. Thus, TRIST has been designed with the specific task of providing policy makers with important insights into the short-term effects of trade reform. It has not been designed for making longer-term predictions about the broad economy wide impact of trade reform. Indeed, no long term effects are estimated, such as growth and reallocation of production factors such as capital and labor. By its comparative static nature TRIST allows the comparison of two states - one in which the base values of policy instruments (such as tariffs) are unchanged and another in which these base values are exogenously changed. Thus no dynamic effects are considered.

TRIST involves three stages to determine the impact of imports and production following a change in trade policy (Figure 5). In the first stage, TRIST allocates expenditure on imports of a product across different country suppliers. The allocation changes when tariffs and duties are amended¹⁰. The extent to which a given change in relative prices translates into a change in relative imports depends on a user-defined importers substitution elasticity. In order to isolate the importers substitution effect, total imports are held constant in this step. In the second step, total expenditure on a given product is allocated between domestic sources and imports. The domestic substitution effect allows for a demand shift between domestic production and imports when the relative price of imports changes. The extent to which the share of imports in domestic consumption changes depends on a user defined domestic substitution elasticity. The change in imports is then distributed across all importers according to their share of the import market. This calculation step can only be modeled if data on domestic production is available. Finally, the third step allows for an overall demand effect in response to the change in the average price of domestic consumption of the good. The average price change is computed as an average of the price change in imports and the price change in domestic production, weighted by their relative shares in domestic consumption. A decrease/increase in the average price of the product leads to a percentage increase/decrease in overall consumption of the product, proportionately distributed between imports and domestic production. The extent to which imports change for a given change in the overall price depends on a user-defined import demand elasticity.¹¹

¹⁰ The exporter substitution effect defines how imports from exporter A are substituted for imports from exporter B when the price of imports from exporter A relative to B declines, for example following a preferential trade reform that includes exporter A but not exporter B.

¹¹ Elasticities are crucial parameters of the model that are difficult to estimate and so detailed and robust estimates of the three elasticities (importers substitution, domestic substitution, demand) are not readily available in the literature. TRIST includes sensible default values for each of these three parameters that are common across products and import suppliers. The sensitivity of the results can be easily assessed by changing the values of the elasticities. When detailed local knowledge on these elasticities is available, TRIST allows users to define trading partner and product specific elasticities. Furthermore, there is an option to include the most well-known estimates of elasticities in the literature. First, the user can choose to incorporate the import demand elasticities estimated in Kee et al (2005). However, these elasticities are not available for all product groups (HS 6 digit). In addition, the user can choose to use the product specific import demand elasticities used in SMART. For exporter substitution elasticities or domestic substitution elasticities there are no estimates available at the level of product detail that TRIST uses.

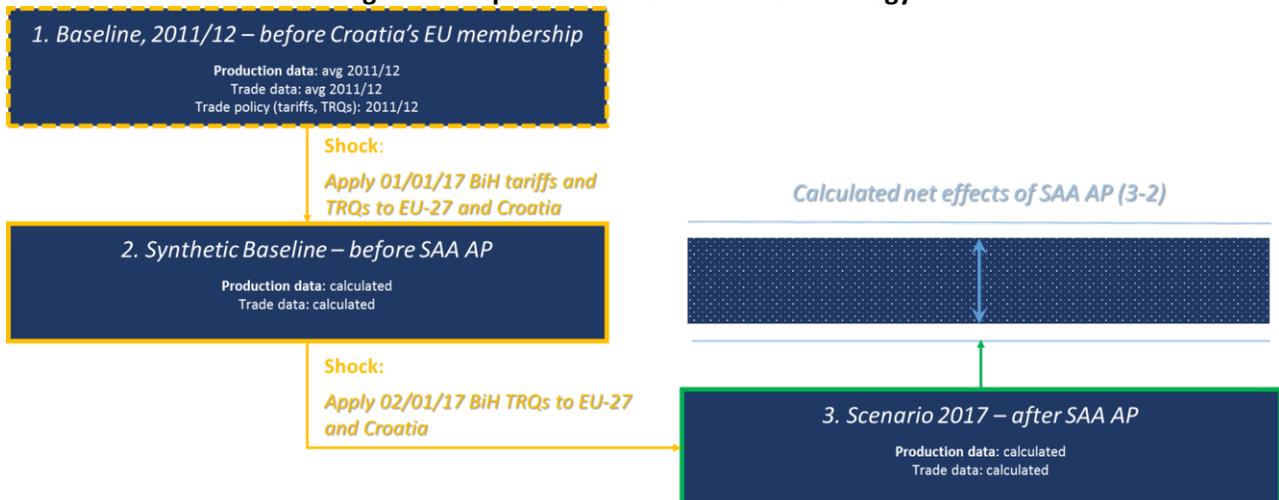
Figure 5: The three steps in the TRIST model.



A synthetic baseline scenario is constructed to take account of events between 2013 and 2016 and address other data constraints. TRIST is a static model that is calibrated in a baseline scenario and once the trade policy variables are shocked, it would estimate the new post-shock scenario. Ideally, we would have liked to obtain trade and production data for 2016 to estimate the effect of the SAA AP implemented in February 2017. Yet, FAO production data is only available until 2013 and trade data until 2015. In addition, other events need to be considered to construct a baseline scenario. First, Croatia joined the EU in July 2013 and BH imposed quotas on their imports from this country after that. Second, the floods in May 2014 and the drought of the summer 2015 caused losses to agriculture production in BH.

Figure 6 describes the simulation strategy step-by-step. First, we calibrate the model using average 2011/12 values for production, trade flows and trade policy data (tariffs and TRQs), which mimics a scenario where there are no natural disasters affecting domestic production. Then, we apply a policy shock by setting all BiH tariffs and TRQs on imports from the EU-27 and Croatia to the levels of January 2017, just before the entry into force of the SAA AP. The simulated trade flows and production levels constitute what we call the synthetic baseline scenario. Finally, we shock the model by changing tariffs and TRQs on imports from the EU to the levels of February 2017, after the SAA AP enters into force, which would simulate the production and imports levels after the SAA AP.

Figure 6: Steps of the TRIST simulation strategy



Results

FAOSTAT production data allowed simulations only for 8 product groups and only products with large, non-binding quotas in the TRQs are expected to have higher imports and lower production for local market. To estimate whether a TRQ will be binding once the SAA AP is implemented, we used 2015 import data (the last year with available import data) and checked whether the same TRQ will be binding if applied in 2015. The underlying assumption is that the demand for imports from the EU-27 and Croatia in 2017 onwards will be at least as big as in 2015.

SAA AP was found to affect only local production of poultry and honey¹² and no adverse effect on local production was found for the following: (i) potatoes; (ii) cabbages and other brassicas; (iii) carrots and turnips; (iv) sour cherries; (v) grapes, and (vi) whole, fresh cow milk. The quotas of TRQs applied to these products under the SAA AP will become binding. Thus, only the first units before reaching the quota enter the BiH market duty-free, and imports beyond the quota enter the BiH paying the MFN tariff that was prevalent in these imports before the implementation of the SAA AP. Thus, there is no actual change on imports and production as the constraining TRQs shelter these products from EU competition. The only change is a loss of tariff revenue for the first units and the rent may be distributed between traders and consumers. As explained before, the choice of elasticities is fundamental on the magnitude of results. We run a few simulations using different vectors of elasticities.

Simulation results when using high elasticities for substitution between imports and for domestic-foreign substitution, drawn from the GTAP model¹³, suggest an increase in the negative effect on domestic producers as local production of poultry and honey falls by 1.2 M BAM and 0.2 M BAM respectively (Figure 7). These simulations can be considered as an extreme unfavorable case scenario for BiH producers. Consumer welfare increases following the reduction of tariffs on EU products, because they reduce local prices; consumer welfare gains are likely to offset tariff revenue loss plus producers' welfare loss in the model. Simulations do not take into account the effects on BiH exports to the EU due to enhanced market access under the SAA AP that could also increase revenue for local producers exporting to the EU.

Figure 7: Simulation results: (units in BAM)

	Change in:		
	Imports from EU-27 and Croatia	Imports from ROW	Production for local market
Chicken meat	1,837,289	51,823	-1,182,538
Honey	276,647	26,406	-223,289

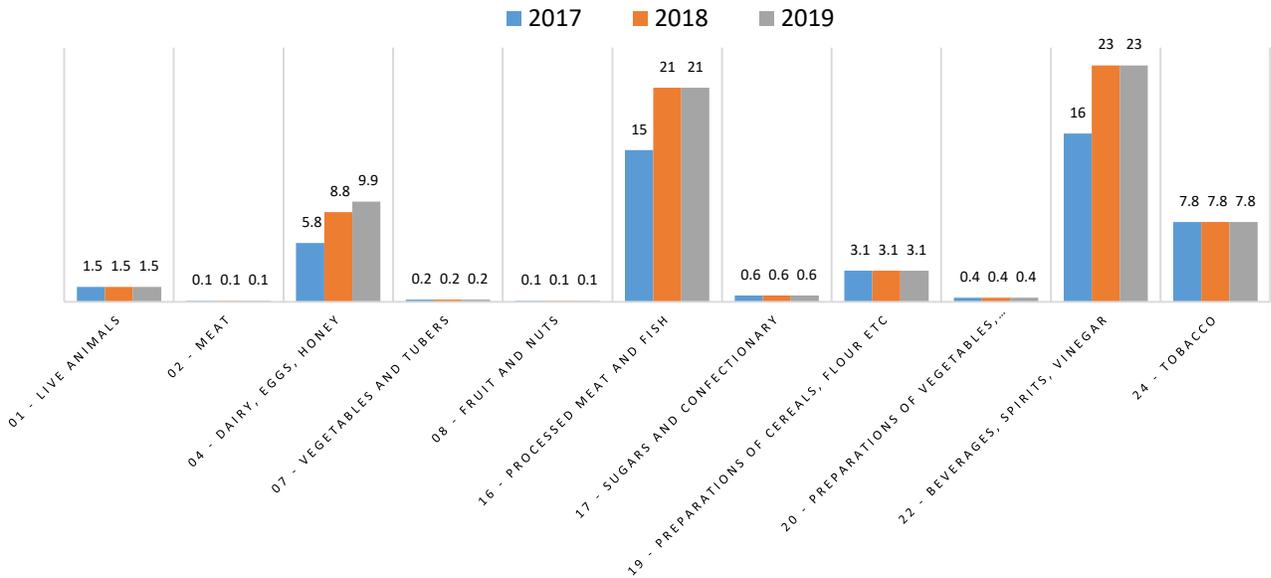
Source: Staff calculations using TRIST model. Note: Chicken meat: Elasticity for imports substitution is 8.8, elasticity for domestic/foreign substitution is 4.4, elasticity for demand is 0.5. Honey: Elasticity for imports substitution is 2.6, elasticity for domestic substitution is 1.3, elasticity for demand effect is 0.5.

¹² Honey production is 1.4 percent of the value of agriculture production recorded by FAO, whereas poultry production is 5.2 percent. Also, import volumes of honey and poultry by BH are quite significant (more than 200 tons of honey and above 14,000 tons of poultry in 2013), which implies that domestic producers are already facing external competition. Furthermore, productivity of the poultry sector is higher than in neighboring countries, which indicates existent capacity to respond to competition.

¹³ The standard GTAP Model is a multiregional, multisector, computable general equilibrium model, with perfect competition and constant returns to scale that is also a source of data on elasticities. For reference, see: <https://www.gtap.agecon.purdue.edu/models/>

Upon effectiveness of the SAA AP, the maximum tariff revenue loss estimated for agriculture and food imports from the EU-28 can be expected to range between BAM 51 and 68 million annually.¹⁴ There are many products for which the TRQs of the SAA AP will become binding, thereby import levels, and thus local production, are not affected. Yet the first imported units before quotas become binding do not pay tariffs and provoke a tariff-revenue loss for the government, while imports beyond quota will pay the most favored nation (MFN) tariff. The estimates focus on the HS tariff lines that will experience changes in TRQs following the adoption of the SAA AP and that are likely to become binding. Thus, the “maximum revenue loss” is estimated assuming that TRQs will be binding once the SAA AP is implemented, assuming the demand will be larger than the quota. Figure 8 reports our estimates of the maximum tariff revenue loss for different categories of products. The yearly variation follows the TRQ schedules that tend to increase quota levels.

Figure 8: Maximum tariff revenue loss estimated for agriculture and food products.



Source: Staff calculations

Despite the data limitations, the results from the modelling exercise imply that some agricultural producers might be adversely affected by the SAA AP in the short term. However, at the aggregate, tariff revenue losses estimated under this exercise need to be weighed against other structural factors of the BH’s agricultural sector that influence the magnitude of SAA impacts. Challenges with the existing farm structure, institutional and regulatory reforms that have not yet been fully aligned with EU requirements to allow for free flow of goods to the EU, as well as difficulties in accessing credit and capital by farmers, food safety considerations, as well a technology packages to improve productivity, remain and continue to inhibit the development of a more competitive agricultural sector in BH.

¹⁴ The contribution of the agriculture sector to BH GDP is about 7 percent in 2014, accounting for BAM 1,840 million. Thus the revenue loss is about 3 percent of the latter figure.

Looking forward

Measuring the impact of tariff changes provides a partial view of the larger issues in the performance of the agricultural sector. Among the potential entry points for strengthening the sector's performance vis-à-vis trade (and other) shocks are:

1. **Improving the performance of the domestic agri-food producers and adding value to agricultural production.** This would require actions at the policy level, as well as at the producer level, such as: i) Alignment of existing regulatory frameworks on food safety to EU requirements, access to financial support, etc.; ii) Ability to differentiate between targeting support that has social objectives (providing income support) from measures supporting investments that foster the modernization and competitiveness of the sector; iii) Building the resilience of the sector to weather and price shocks, hence smoothing production cycles. There are both financial and climate-smart production measures that could be taken to manage risk, while improving productivity, mitigating vulnerabilities and improving longer term competitiveness through modernization of systems.
2. **Strengthening institutions.** BH still suffers from a fragmented and unclear institutional and regulatory set up that needs harmonizing to ensure that policies, regulations and enforcement work as a single unified system. This is particularly so as it relates to food safety in line with EU requirements that point towards the need for clear mandates and responsibilities between all the public actors. While considerable efforts were made in trying to harmonize these aspects with amendments to legislation at State and Entity level over the last couple of years, implementation on the ground of some of these aspects remains pending.
3. **Leveraging resources.** Some of the tariff revenue losses can be mitigated by attracting alternative funds for the development of the agri-food sector. These resources may come in the form of grants to the government or could be mobilized with the donor community or IFIs. In order to optimize their impact at producer level, such financial assistance would need to be delivered in time with yearly programming and seasonal cycles, be selective and simple in terms of the type of support given with minimum administrative costs and a maximization absorption by beneficiaries. For that to happen all government structures and stakeholders need understand their role in making the support system work. A Rural Development Strategy with a blue print of the paying structure for the country would provide the guidance for setting up such an efficient administrative system to transparently guide such investments down to the producer/farm level.
4. **Effective management of a support program depends on effective agricultural information system.** While significant effort have been made in developing databases and information systems under various donor funded programs, these systems remain incomplete or are hampered by institutional hurdles that prevent broad based information sharing within country or with the exterior. EU accession requires a high degree of agriculture related information that forms the basis for policy making. In converging towards more EU compliant support programs such as area based payments, a number of existing data bases such as the farm and livestock register need integration with the Land Parcel and Identification system that then ties into the IACS that will provide the basis for more accurate sector impact analysis and better policy targeting at all administrative levels of BiH.

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Kee, H. L., Nicita, A. and Olarreaga, M. (2005), "Import demand elasticities and trade distortions", Policy Research Working Paper 3452, Washington D.C.: The World Bank, published in *The Review of Economics and Statistics* (2008) 90(4): 666–82.

Appendix: Additional tables

Table A1. Top 10 imports in BH at the HS-4 level of aggregation from selected origins

EU27			Croatia			CEFTA		
	Value (BAM million)	% in total agricultur al imports from EU27		Value (BAM million)	agricultur al imports from Croatia		Value (BAM million)	% in total agricultur al imports from CEFTA
Meat of bovine animals, fresh or chilled	143.5	12.8%	Beer made from malt	54.3	11.7%	Beer made from malt	66.8	7.8%
Food preparations not elsewhere specified or included	76.2	6.8%	Wheat and meslin	36.6	7.9%	Bread, pastry, cakes, biscuits and other bakers' wares	66.5	7.8%
Wheat and meslin	65.8	5.9%	Chocolate and other food preparations containing cocoa	30.4	6.5%	Maize	66.2	7.7%
Chocolate and other food preparations containing cocoa	62.2	5.5%	Waters, including mineral waters and aerated waters	28.7	6.2%	Sunflower-seed, safflower or cotton-seed oil	60.3	7.0%
Sunflower-seed, safflower or cotton-seed oil	49.1	4.4%	Preparations of a kind used in animal feeding	26.8	5.8%	Live bovine animals	56.4	6.6%
Meat of swine, fresh, chilled or frozen	48.4	4.3%	Food preparations not elsewhere specified or included	22.7	4.9%	Preparations of a kind used in animal feeding	43.1	5.0%
Cheese and curd	45.7	4.1%	Cigars, cheroots, cigarillos and cigarettes	19.5	4.2%	Waters, including mineral waters and aerated waters	42.4	5.0%
Preparations of a kind used in animal feeding	41.1	3.7%	Maize	17.9	3.9%	Sunflower seeds	40.1	4.7%
Waters, including mineral waters and aerated waters	37.4	3.3%	Bread, pastry, cakes, biscuits and other bakers' wares	16.2	3.5%	Chocolate and other food preparations containing cocoa	36.2	4.2%
Live bovine animals	30.2	2.7%	Sauces and preparations therefor	12.8	2.8%	Wheat and meslin	31.6	3.7%
Total		53.4%	Total		57.3%	Total		59.6%

Figure A2: Detail of Tariff rate quotas (TRQs) applying to EU imports and in place after Feb 2017

CN-8	Description	TRQ (tonnes) Feb 2017	TRQ (tonnes) Jan 2018	TRQ (tonnes) Jan 2019	TRQs are expected to be binding in 2017?	CN-8	Description	TRQ (tonnes) Feb 2017	TRQ (tonnes) Jan 2018	TRQ (tonnes) Jan 2019	TRQs are expected to be binding in 2017?
01022961	Live cows for slaughter	1,935	1,935	1,935	No	16023119	Processed Meat	40	40	40	No
01022991	Live cows for slaughter	190	190	190	No	16023211	Processed Meat	130	130	130	No
01039211	Live swine	575	575	575	No	16023219	Processed Meat	30	30	30	Yes
01039219	Live swine	1,755	1,755	1,755	No	16023230	Processed Meat	170	170	170	No
01039290	Live swine	195	195	195	No	16023290	Processed Meat	230	230	230	No
01059400	Live chicken	1,455	1,455	1,455	No	16024110	Processed Meat	360	360	360	No
02071290	Meat: chicken	80	80	80	No	16024915	Processed Meat	150	150	150	No
02071310	Meat: chicken	90	90	90	No	16024930	Processed Meat	445	445	445	No
02071330	Meat: chicken	55	55	55	No	16024950	Processed Meat	60	60	60	No
02071360	Meat: chicken	320	320	320	No	16025031	Processed Meat	70	70	70	No
02071399	Meat: chicken	25	25	25	No	16025095	Processed Meat	295	295	295	No
02071420	Meat: chicken	30	30	30	No	17019100	Sugar	55	55	55	Yes
02071460	Meat: chicken	130	130	130	No	17019910	Sugar	3,470	3,470	3,470	No
02071499	Meat: chicken	50	50	50	No	20011000	Cucumbers	265	265	265	No
04014010	Milk	80	80	80	Yes	20019070	Sweet Pepper	70	70	70	No
04015011	Milk	30	30	30	Yes	20059950	Mixed Vege	245	245	245	No
04022118	Milk	25	25	25	Yes	20059960	Mixed Vege	40	40	40	Yes
04039051	Milk	500	500	500	No	04012011	Milk	5,432	9,506	13,580	No
04039053	Milk	290	290	290	Yes	04012091	Milk	720	1,440	1,440	No
04051011	Butter	160	160	160	Yes	04031011	Yogurt	1,515	3,030	3,030	Yes
04051019	Butter	200	200	200	No	04031013	Yogurt	1,520	3,040	3,040	No
04061030	Cheese	355	355	355	No	04039059	Yogurt	1,763	3,525	3,525	No
04061050	Cheese				Yes	16010099	Sausage	1,693	3,385	3,385	No
04061080	Cheese	165	165	165	Yes	04031091	Milk	480	480	480	Yes
04090000	Honey	165	165	165	No	04031093	Milk	130	130	130	Yes
07019050	Potatoes	50	50	50	Yes	04031099	Milk	25	25	25	No
07019090	Potatoes	1,265	1,265	1,265	Yes	04039091	Milk	530	530	530	No
07049010	White Cabbage	280	280	280	Yes	04039093	Milk	55	55	55	Yes
07061000	Carrots And Turnips	50	50	50	Yes	19053119	Bread	365	365	365	No
08061010	Table Grapes	45	45	45	Yes	19053199	Bread	600	600	600	No
08092100	Fresh Sour Cherries	410	410	410	Yes	19053219	Bread	300	300	300	No
08119075	Processed Sour Cherries	70	70	70	No	19059045	Bread	35	35	35	Yes
16010091	Processed Meat	285	285	285	No	22082029	Brandy	85	85	85	No
16021000	Processed Meat	75	75	75	No	24022090	Tobacco	3,200	3,200	3,200	No
16022090	Processed Meat	140	140	140	No	220410	Quality sparkling wine	13,765	19,530		No
						220421	Wine of fresh grapes				Yes

Figure A3: Correspondence between production (FAO) classification and trade classification (HS) data

FAO code	FAO descriptions	Harmonized System Classification	FAO code	FAO descriptions	Harmonized System Classification	FAO code	FAO descriptions	Harmonized System Classification
15	Wheat	100111	826	Tobacco, unmanufactured	240110	1035	Meat, pig	020311
		100119			24011060			02031211
		100191			24011080			02031219
		100199			24011090			02031290
44	Barley	100310			240120			020319
		100390			24012060			02031915
56	Maize	100510			24012080			020321
		100590			24012090			02032290
71	Rye	100210			240130			02032219
		100290			0201100000			02032211
75	Oats	100410	0201100010	020329				
		100400	0201202000	02032955				
		100490	0201202010	020711				
97	Triticale	100860	0201203000	020712				
116	Potatoes	070110	0201203010	02071310				
		07019050	0201205000	020713				
		07019090	0201205010	02071330				
176	Beans, dry	071331	0201209000	02071360				
		0713320000	0201209010	02071399				
		0713320010	020210	020714				
		07133310	0202100010	02071420				
		07133390	0202100020	02071460				
222	Walnuts, with shell	080231	0202201000	0207149900				
		120110	0202201010	0207141020				
236	Soybeans	120190	0202201020	020760				
		120600	0202203000					
267	Sunflower seed	120600	0202203010					
358	Cabbages and other brassicas	070420	0202203090					
388	Tomatoes	070490	0202205000					
397	Cucumbers and gherkins	070200	0202205010	1062	Eggs, hen, in shell			
397	Cucumbers and gherkins	070700	0202205020					
401	Chillies and peppers, green	07096010	0202209000					
		07096091	0202209010	1182	Honey, natural	040900		
		07096095	0202209020			02032955		
401	Chillies and peppers, green	07096099	04012011					
		07031011	04012019			020711		
403	Onions, dry	07031019	04012091					
		07031090	04012099			020712		
		07031090	04012099			02071310		
406	Garlic	070320	04012099					
414	Beans, green	070820	04012099					
426	Carrots and turnips	070610	04014090					
497	Lemons and limes	080550	04015019	1058	Meat, chicken	02071330		
515	Apples	080810	04015039			02071360		
521	Pears	080830	04015099			02071399		
523	Quinces	080840	04015099			020714		
526	Apricots	080910	04014010			02071420		
530	Cherries, sour	080921	04015011			02071460		
531	Cherries	080929	04015031			0207149900		
534	Peaches and nectarines	080930	04015091			0207141020		
536	Plums and sloes	080940	020410					
544	Strawberries	081010	020421					
547	Raspberries	081020	020422					
560	Grapes	080610	020423	977	Meat, sheep	020760		
567	Watermelons	080711	020430					
569	Figs	080420	020430					
569	Figs	080420	020441					
			020442	1062	Eggs, hen, in shell	040711		
			020443			040721		
						04079010		
						04079090		
				1182	Honey, natural	040900		