



Bosnia and Herzegovina Analytical Report

April 2021

Table of contents

1.0 Executive Summary	3
2.0 Key Political Developments	4
2.1 Governments' indolence over COVID-19 fuels public dissatisfaction	4
2.2 Bosnia's Games of Thrones	6
2.3 Political Quarrels Block Key Reforms	11
2.4 Cross-contamination Between Geopolitical and BiH's Tensions	13
3.0 Socio-Economic Developments	15
3.1 Mixed Signs	15
3.2 Between recovery and new wave of the pandemic	16
3.3 Latest statistical data	18
About	23
Footnotes	24

1.0 Executive Summary

The last two months in Bosnia and Herzegovina (BiH) were marked by the further escalation of political all-out war in which all of country's main parties partake, regardless of the catastrophic consequences this ongoing power struggle has on peoples' daily lives and living standards.

The consequences of this political war are reflected in the rising social protests caused by the governments' failure to address the health and economic consequences of COVID-19; withdrawal of BiH's famous veteran politician Bogic Bogicevic from the race for the position of the mayor of Sarajevo; a new deadlock in the country's electoral reform process; and growing local verbal attacks on international, mainly EU, officials.

BiH's existential crisis is further aggravated by the escalation of big power geopolitical competition in the region, reflected in the heated public debate between US and Russian embassies in BiH over the country's relationship with NATO.

The continuation of these local and geopolitical trends in recent months is deeply troubling. BiH politicians seem completely and utterly locked in a political impasse, which offers little hope not only for the critical electoral reforms that need to be adopted this year, but also for country's response to the challenges caused by the ongoing COVID-19 pandemic. This means that any breakthrough is highly unlikely without outside intervention. Yet it is clear by now that Washington and EU capitals are preoccupied with their own internal - and much bigger external - challenges, and are not taking the situation in BiH – or the rest of the Balkans – seriously.

Despite their best efforts, on their own local US and EU diplomats lack sufficient leverage to break the Bosnian deadlock(s). This creates a context for further destabilization of BiH in the coming weeks and months, through further social, political or ethnic developments, as well as the influence of Russia, Turkey or other regional or global actors.

2.0 Key Political Developments

2.1 Governments' indolence over COVID-19 fuels public dissatisfaction

The prolonged COVID-19 pandemic has all but collapsed BiH's divided health systems – reflected in the growing reports about hospitals' failure to attend to either COVID-19 or other, non-COVID-19 patients – and revealed the dysfunctionality of the local administrative and political setup on almost all levels. As a result, at the end of March BiH registered some of the highest COVID-19 mortality rates in the world – according to a an analysis by US John Hopkins University, the mortality rate among those infected in Bosnia was 3.89%, the highest in the region and eight in the world. On April 6th, BiH authorities reported the total of 99 deaths from Coronavirus within 24 hours – more than in all of the Balkans put together in the same period of time. According to experts, such a high fatality rate is the result of weak and inconsistent measures imposed by local governments. They also stress that the response of Bosnia's governments in response to other security, structural and economic challenges caused by the pandemic is equally bad.

As a result, BiH seems to be stuck at the top of the list of countries in relation to the deaths caused by COVID19[1], yet at the same time it is near the bottom of the global vaccination race. By the beginning of April, BiH managed to vaccinate only some 36,000 citizens, but most of these vaccines come from donations, which BiH has received from Serbia, Russia or other countries[2]. The BiH State Government failed to obtain necessary amounts of vaccines on its own. It relied fully on the WHO and EU-supported COVAX system, which delivered its first batch of 26,400 vaccines for BiH on March 25th, which was seen as too little – too late for the country's 3.5 million people[3]. BiH's two entities – BiH Federation and Republika Srpska – are now struggling to obtain vaccines on their own, but are facing legal and logistical difficulties. The failure of BiH's vaccination policy – and, comparatively, the success of Serbia's under President Aleksandar Vucic - were underscored at the beginning of March, when Serbia opened its vaccination system for BiH citizens. This move caused a stampede as more than 25,000 Bosnian citizens crossed into Serbia in the course of only a few days.

In the absence of a sufficient number of vaccines for proper mass vaccination, and without indications when the sufficient number of badly needed vaccines will be obtained, most administrative levels in BiH consider maintaining or increasing lockdowns as the only viable options for putting the third wave of the pandemic under control. Yet a prolonged lockdown would further negatively affect the BiH economy, which would most likely provoke more social unrest in the country.

Social unrest has in fact already been on the rise lately. Several hundred citizens gathered on April 5th in Banja Luka, the Republika Srpska administrative centre, in a protest organized by Banja Luka mayor, Drasko Stanivukovic, from the opposition Party of Democratic Progress (PDP) party, who is considered one of the most prominent challengers to the 15 year undisputed reign of the RS leader Milorad Dodik.

Dodik is the current Bosnian Serb member of the BiH tripartite Presidency and leader of RS's ruling party, the Alliance of Independent Social Democrats (SNSD). On April 4th he reiterated his intentions to press on for the independence of that entity, stressing that BiH is dysfunctional "and offers no hope to anybody." Stanivukovic called for protests on Monday, after the SNSD-led majority in the Banja Luka City Council repeatedly blocked the budget proposed by Stanivukovic.

On April 6th, a few thousand Sarajevo residents went out in one of the biggest protests of late, organized by a group of civic activists, who called for the resignations of the State and Federation governments, due to their poor response to the challenges created by the pandemic. The next day, on April 7th, several hundred students demonstrated in front of the Sarajevo Cantonal government. They complained that they are hungry due to the fact that the canteen in the Sarajevo student centre is running out of food, while students also cannot use their food coupons any more.

All these protests have ended peacefully, but local and international experts and officials expect social unrest to continue escalating in the coming weeks and months as BiH politicians on all levels seem completely unable to focus on battling the consequences of the pandemic. Instead,

all main parties have been engaged in an all-out political war and zero-sum games, fighting for power on almost all administrative levels.

2.2 Bosnia's Games of Thrones

The ongoing all-out political war, which BiH is currently facing, is the continuation of the same political quarrels initiated before the 2018 general elections. The local political scene has never fully settled since then. As a result, the main parties in the BiH Federation entity have not even tried seriously to establish a new entity government, with the outgoing government from the 2014 election still remaining in a technical mandate, without two ministers and lacking sufficient parliamentary support. The situation is not much better in most of the Federation's ten cantons, where governments are being occasionally toppled and replaced.

While the external political battles – those among the three ethno-political blocs – have been drawing most of the attention in both the local and international community, the main quarrels have been actually internal ones – those taking place within the three blocks.

In these internal political battles, Bosniak and Bosnian Serb politicians in the ruling and opposition parties alike are fighting for the dominance in their respective parties, as well as for the control over their entire ethnic blocs.

The situation is somewhat different in the Bosnian Croat ethno-political bloc, in which the ruling Croat Democratic Union (HDZ) and its leader Dragan Covic, still have no serious alternatives. However, the Bosnian Croat ethno-political bloc is more united than the other two mostly because it is the smallest of the three, but also because most Bosnian Croats feel the need to remain united against what they see as an attempt by Bosniak parties to squeeze them out of power in the Federation entity. Nevertheless, Bosnian Croats' apparent unity does not imply full support for the HDZ or its leadership. The situation is actually quite the opposite. In recent years the HDZ and its leadership has been facing growing criticism and frustrations, both from within and from outside of the party, due to what more and more Bosnian Croats see as a dysfunctional, self-serving and highly corrupt political establishment. In fact, the only thing that

seems to be keeping Dragan Covic in power is the concern of many Bosnian Croats that Bosniaks could soon marginalize their ethnic group. In this situation, some local and international observers wonder whether Covic's true intentions are to negotiate an acceptable electoral reform, or to avoid this reform in order to maintain his grip on power.

The same goes for Bosniak and Bosnian Serb blocs, whose ruling parties and their leaders – Bakir Izetbegovic from the Bosniak Party of Democratic Action, SDA, and Dodik from the SNSD – are trying to fight off growing criticism and challenges from within their parties, as well as from their respective opposition. Almost all of these parties (ruling and opposition alike) have been steadily hardening their positions since 2018 elections. This is in part because concessions in the BiH political system are perceived as a sign of weakness; in part to establish themselves as the main defenders of their ethnic group; and in part in hope to attract affiliated foreign influences (American, Turkish or Russian). More and more citizens, as well as international observers, believe, however, that neither Bosniak, nor Bosnian Serb or Bosnian Croat leaders truly want to resolve BiH's mounting problems, because they fear losing power and see BiH's perpetual crises as the best way of staying in power for as long as possible.

The latest political battles in the Bosniak ethno-political bloc have sought to exploit the country's poor performance in addressing the COVID-19 crisis. Opposition parties like the People and Justice Party (NIP) of Elvedin Konakovic, the Social Democratic Party (SDP) of Nermin Niksic and Nasa Stranka (Our party – NS) of Predrag Kojovic, have been steadily increasing pressure on the ruling SDA. One of their main focuses has been the performance of the Sarajevo Kosevo hospital, whose director is Sebija Izetbegovic, the spouse of the SDA leader Bakir Izetbegovic, especially in relation to the ongoing scandal with 100 respirators obtained last year through the "Srebrena Malina" fruit company. This affair is still being investigated by the BiH prosecution, which in December last year indicted Federal Premier Fadil Novalic (SDA), his deputy and Finance Minister Jelka Milicevic, suspended director of Federal Civil Defence Fahrudin Solak and Srebrena Malina director Fikret Hodzic, for a number of criminal offenses, including misuse of office and money laundering[4].

The general public was further aggravated by media reports of several letters which have been sent by the Kosevo hospital staff to its management, complaining about the management of

COVID19 cases, including the use of ventilators. Sarajevo media – most of which is influenced if not controlled by one of the Bosniak parties in confrontation with each other – have added to the overall confusion and chaos by providing contradictory views on the credibility of these letters[5], while Sebiha Izetbegovic downplayed this story and threatened to sue all media that have carried these letters. This situation has eventually forced the Sarajevo Cantonal prosecution and the State Investigation and Protection Agency (SIPA), to enter Kosevo hospital on April 5th, to investigate these reports.[6] Yet even after the investigation, the overall situation with the use of problematic ventilators and the general performance of the Kosevo hospital remain in question.

This remains one of the biggest threats for the position of SDA leader Bakir Izetbegovic within his party, which is increasingly being weakened by his wife's unpopularity both within the SDA's ranks and among the public. Regardless of that, the SDA remains the most influential political power in the Bosniak ethno-political bloc, despite its weak performance in the 2020 local elections. The positions that the party lost in the Sarajevo Canton, however, have aggravated the tensions between the two currently main factions within the party – one led by the Izetbegovic clan, the other by Denis Zvizdic and the Campara family.

SDA's internal friction is expected to lead to further cadre changes in some municipal and cantonal chapters in the coming weeks and months, SDA sources say, yet they add that Izetbegovic's position still seems quite solid, mainly because of his personal patronage network, which he has established in key party structures. All sources in and outside of the Bosniak political bloc say that thanks to the changes he has made in recent years in the party infrastructure, Izetbegovic will most likely keep his position at least until the next party elections, planned after the 2022 general elections – despite growing internal and external criticism. As in the past, regardless of Izetbegovic's growing unpopularity, most senior SDA officials are still reluctant to openly move against Izetbegovic, in part fearing for their own positions, but in part concerned that continued internal power struggles in the SDA could be used by opposition parties to topple the SDA. In this situation even the influential Islamic Community and its leader, Reis Husein Kavazovic have been trying to calm down commotions within the Bosniak leadership.

However one element could bring about quick change – the involvement of Turkish President Recep Tayyip Erdogan, who, according to a number of sources, has ‘given up’ on Izetbegovic and is now searching for someone who would replace him as the top Bosniak leader and his main ally in BiH. Over the past month Erdogan and/or his people have hosted meetings with Semir Efendic, the SDA’s mayor of Novi Grad municipality and one of the most verbal critics of Izetbegovic’s management of the party from within, as well as with Konakovic (although the alleged meeting with Konakovic has so far not officially been confirmed yet). Well-informed sources say that Izetbegovic is still trying to rebuild his connections with Erdogan, but over the past few months Erdogan has avoided meeting him. While Erdogan seems to be assessing the current layout within the SDA - and is reportedly pondering possible replacements for Izetbegovic - at this point it is still not clear whether he will indeed actively engage in a possible transfer of power and if so, who is his favorite for Izetbegovic’s replacement.

On the other hand, following its solid performance in the local elections, Konakovic’s NIP currently continues building up its local party structures across the Federation entity, aiming to ensure its participation in the government at the federal and state level after the 2022 general elections. NIP and its leader Elmedin Konakovic continue to be a potential rallying point for the former and current disgruntled SDA cadres. In the future, NIP will aim to win over supporters from the ranks of other political groupings as well, such as the Union for a Better Future, Democratic Front and Independent bloc, which would further undermine their positions that were already proved to be quite weak in the last local elections in 2020. At the same time, despite the political disagreements with Izetbegovic, Konakovic is maintaining his contacts with the rest of the SDA leadership.

The latest test of the power balance on the Bosniak political scene was the repeated local election for the mayor of Travnik, held on April 11th, in which, according to the first results, SDA candidate Kenan Dautovic defeated Haris Kaniza, who ran on behalf of the coalition made up of NIP, SDP and Nasa Stranka. Sources predicted a close race, especially in the situation where the HDZ boycotted the elections, but at least some Bosnian Croat voters were expected to vote for Kaniza, as revenge to the SDA for its hardening of positions in the electoral reform dispute. However, an extremely low turnout – estimated at only 27.3% – showed that the opposition failed to attract sufficient number of disgruntled voters, which eventually worked in favor of

Dautovic, sources said. A proper analysis of the Travnik re-election, however, will have to wait for the Central Election Commission (CIK) to release official results.

Meanwhile, sources close to SDP and Nasa Stranka expect these two parties to suffer further decline in the upcoming 2022 general elections, especially after both parties badly mishandled a recent attempt to elect veteran SDP official Bogic Bogicevic as the new Sarajevo mayor. These sources say that the SDP leadership has failed to follow through on the initial readiness of the “Coalition of Four” in the Sarajevo canton (NIP, SDP, NS and Independent BiH List of Ibrahim Hadzibajric) to support Bogicevic for this position. SDP leader Nermin Niksic went as far as to leave the country for the Catholic Easter holidays, leaving this process in the hands of the young and inexperienced general secretary, Irfan Cengic. Sources say that the SDA as well as NIP also undermined this election in a process that involved the bribing of several members of the city council (including those from the SDP and Nasa Stranka). As a result, Bogicevic on March 24th withdrew his candidacy after it became obvious that he will not be elected in the first round. Sarajevo City Council added insult to injury by pressing on with Bogicevic’s candidacy, even after he publicly announced his withdrawal.

Following all these developments, some local pundits predict that the next general elections in 2022 – if they are held[7] – will most likely bring about another disaster for Bosniak leftist parties[8] (SDP and NS), which have lost most of their civic political image and have already showed significant decline in popularity between the 2018 general and 2020 local elections. As a result, the main political struggle on the Bosniak political scene between now and the 2022 elections will be between SDA on one side and the group of Bosniak national parties gathered around NIP, which is equally if not more conservative than the SDA.

A similar scenario may be in preparation among Bosnian Serb parties, where sources say that Drasko Stanivukovic and one of his closest allies, Jelena Trivic, are mulling the establishment of a new “supra-political” movement, which would gather support from different parties in Republika Srpska. RS sources say that the two main opposition parties in RS – the Serb Democratic Party (SDS) and Party of Democratic Progress (PDP)– the support of whose membership Stanivukovic currently has – have been struggling in recent years, having lost ideas on how to face and eventually topple Dodik and his SNSD. Stanivukovic’s victory in the

Banja Luka mayoral race in 2020 local elections is almost exclusively the result of his personal image and engagement, rather than support from PDP or SDS. In fact, sources close to the PDP admit that Stanivukovic has effectively blackmailed the party into putting up his candidacy, as he would have run (and probably still won) as an independent candidate even without PDP support. Sources also say that Stanivukovic is clearly using his victory in the 2020 mayoral race in Banja Luka to position himself to run for higher position – most likely the one of RS president – in the 2022 elections. Stanivukovic’s political prospects and strength seems to be also recognized by Serbian President Aleksandar Vucic, who has hosted meetings with Stanivukovic on at least two occasions - at the end of November 2020 and in January this year. Yet just as in the case of Konakovic on the Bosniak ethno-political scene, Stanivukovic seems to be equally or even more conservative than most members of the ruling SNSD party. Therefore, at this stage it is hard to assess whether his further political strengthening would have positive or negative consequences for the RS or all of BiH.

2.3 Political Quarrels Block Key Reforms

These power games within and among the three ethno-political blocs have by early April once again blocked almost all negotiations on key reforms. SDA and HDZ find themselves again at impasse regarding the critical electoral reforms, as the delegations of these two parties who were supposed to work on electoral reform do not even meet, while BiH Parliament is still reluctant to establish inter-agency commission, which was supposed to handle this reform on behalf of BiH institutions.

Relations between SDA and HDZ reached a new low after Izetbegovic, speaking at the session of local academic network Circle 99 on March 21st, publicly stated that the SDA will work towards “re-establishing BiH’s civic administrative system from before the war” which was seen as a deal-breaker by both the HDZ and SNSD. Furthermore, the SDA and other rightist and leftist Bosniak parties like DF, or SDP and NS, have as of late openly stated their intentions to push for electoral reforms that would strengthen the civic electoral model that would enable

Bosniaks, as the most numerous ethnic group, to elect Bosnian Croat political representatives in the Federation.

Even most Western diplomats privately admit that this is a dangerous radicalization of positions of these parties, which Bosnian Croat and Serb parties and population consider as open and dangerous violation of the Dayton political setup, and as such would never accept. In this situation, senior US and EU officials have in their communication with local officials underlined that the upcoming electoral reform should include only “minimal” constitutional changes and would have to find a balance between ethnic and civic electoral models.

These statements have led to several open verbal attacks on the EU delegation in BiH and its head, Johann Sattler, by Bosniak officials and their affiliated media, some of which implied that Sattler is a Russian spy, and/or that he is favoring Bosnian Croat positions in the negotiations on electoral reform[9]. This situation escalated into a serious diplomatic incident after the Bosnian Croat member of the BiH Presidency Zeljko Komsic, at the end of March, sent his ‘non-paper’ to Brussels, openly accusing the EU delegation in BiH of supporting Bosnian Croat positions.[10] Sources close to these parties say this criticism was partially motivated by the EU’s all-time low image in the Balkans, following the failure of EU and WHO-supported COVAX vaccination mechanism, but was even more so motivated by Bosniak politicians’ hopes that they would be able to force the new US administration to engage more robustly in BiH.

The response was quick and robust, but not as these parties expected. The ambassadors of Quint countries (France, Germany, Italy, UK and the US) issued a joint statement calling upon BiH officials to “refrain from speculations and creation of unnecessary tensions but instead to focus their attention on the work and constructive dialogue[11].” The US Embassy issued a separate statement on Twitter, stressing that “meaningful and constructive dialogue is possible only if we all refrain from speculative statements that will only make necessary reforms more difficult.[12]”

Around the same time the BiH Presidency has received a letter from the new US Secretary of State, Antony Blinken, in which he made it clear that there will be no “Dayton 2” and called for “limited but significant” reforms, in line with the ruling of the European Court of Human Rights, as well as BiH Constitutional Court[13]. This wording made it clear that the US does not take

either the Bosnian Croat or Bosniak side in the upcoming electoral reform, and as such was perceived by some local media as “the end of a dream of a great (US President Joe) Biden’s intervention in BiH.”[14]

While these recent developments have certainly delivered a major blow to the expectations of some local (especially Bosniak) leaders, and while such a balanced approach represents a good technical base for the continuation of negotiations, local and international sources agree that the perspective for electoral reform remains very slim. This is mainly because Washington and EU capitals remain preoccupied with their internal, as well as much greater external, challenges and are not paying attention to regional issues, such as those in the Balkans. In this situation, and despite their efforts and close cooperation, local US and EU diplomats face a near “mission impossible” in moderating between increasingly radical and confrontational local politicians, academics and media.

2.4 Cross-contamination Between Geopolitical and BiH’s Tensions

Recent developments in BiH have revealed the dangerous cross-contamination between local ethno-political rivalries in BiH and burning geopolitical tensions.

"2021 will be a year of growing conflicts between the West and Russia for the future of the Western Balkans," recently said General Philip Breedlove, retired four-star general in the United States Air Force, who served as the commander of the U.S. European Command, NATO Allied Command Operations, and US Air Forces Europe.[15]

Breedlove’s predictions were validated only a few days later as US and Russian embassies in Sarajevo exchanged harsh statements over Bosnia’s eventual future membership in NATO. On March 18th, the Russian Embassy in Sarajevo issued an atypically harsh reaction to US Ambassador Eric Nelson’s statement from the previous day, in which he reiterated Bosnia’s future NATO perspective. The Russian side said:

“In the case of a practical rapprochement of Bosnia and Herzegovina and NATO, our country will have to react to this hostile step,” the Russian embassy said in its written statement from March 18th.^[16]

The US embassy replied in kind the following day. In its Twitter statement, the US embassy in Bosnia stressed that “NATO allies will continue to help Bosnia and Herzegovina advance its goal of joining the Euro-Atlantic community.” Yet it also added that NATO allies fully respect the fact that eventual membership “requires consensus.”^[17] However, it is highly unlikely that such consensus would be reached any time soon, since the Bosnian Serb leadership strongly rejects any such possibility without Serbia being received into the Alliance at the same time.

This heated exchange drew significant local attention, where some of the Bosnian Serb and Bosniak media picked up and continued the fight, supporting their respective international favorite allies.

3.0 Socio-Economic Developments

3.1 Mixed Signs

Initially optimistic projections for Bosnia's economic recovery in this year, made by the IMF and World Bank last year, faced unexpected challenges with the new wave of the pandemic, which threatens to slow down the global and local economy again. While in the autumn of last year the World Bank and IMF expected that mass vaccination will help the global economy to return to normalcy in 2021, delayed vaccination programs and numerous controversies have seriously undercut that optimism.

Some of the best news for BiH was that 2020 was not as bad as was expected, with an estimated GDP drop of 'only' 5%, according to the IMF. The beginning of the year pointed towards recovery as exports and industrial production continued to grow, especially in RS, which in February recorded growth of 6.5% compared with January and, more importantly, growth of 19.8% compared with February 2020.

Such positive trends, however, could easily be reversed having in mind that the third wave of the pandemic hit BiH hard. In the absence of a sufficient number of vaccines, local officials consider prolonged or new lockdowns as the only alternative, which would further undermine BiH. Furthermore, the third wave of the COVID-19 pandemic will also have a serious impact on the EU, including Germany and other countries that are BiH's main economic partners. In this situation a slowdown in the rest of the EU would have even more negative spillover effect on BiH.

3.2 Between recovery and new wave of the pandemic

The latest, revised forecast by the IMF from April predicts that in 2021 BiH will see GDP growth of 3.5%, which is 1.5 points below the IMF's forecast from last year. [18]

On the other hand, the World Bank, which also published their Spring economic update, was more pessimistic than the IMF, expecting BiH's GDP growth in this year to be a modest 2.8%. After jumping from 34.6% in 2019 to 40.6% in 2020, BiH's debt as a percentage of the GDP is expected to be slightly reduced to 39.9% in 2021. [19]

As BiH's currency board arrangements does not allow the country to use controlled inflation to boost the economy, the only source of financing for the stimulation of its economy is borrowing. Therefore, BiH officials have been counting on financial support from the EU for post-pandemic economic recovery, including a pledged €250 million intended for direct support for small and medium companies in the form of loans. However, BiH is not able to obtain this money as one of the conditions for it is that the receiving country has a standby arrangement with the IMF and implement necessary economic reforms.

Having in mind that the previous two standby arrangements with the IMF were abandoned half way through, as BiH leaders were not ready to implement promised reforms, fulfilling this criteria in case of BiH will be much more than a simple formality.

Meanwhile, BiH foreign exchange reserves in February recorded a drop of 0.6%, which was a common occurrence in February in previous years too. However compared with February 2020, the reserves were higher by 9.7%. The banking sector also managed to weather the negative effects of pandemic, at least for now. In February, total assets of commercial banks in BiH were €17.3 billion euro, 0.6% higher compared with the previous month and 2.4% higher compared with February 2020. [20]

Foreign trade trends from 2020 continued in the first two months of this year, with a bigger drop in imports than in exports. The same trends were witnessed in the same period in 2019. As a result, the foreign trade deficit also recorded its lowest level compared with the first two months

of 2020 and 2019 - €366 million in this year compared with €523 million in 2020 and €540 million in 2019.[21]

Foreign trade

Month	BiH Export (mil. EUR)			Change (pct)	
	II-2020	I-2021	II-2021	II-2021/I-2021	II-2021 / II -2020
	471	595	745	25,2	58,2

Source: Agency for statistics of Bosnia-Herzegovina

Month	BiH Import (mil. EUR)			Change (pct)	
	II-2020	I-2021	II-2021	II-2021/I-2021	II-2021 / II -2020
	800	737	774	5,0	-3,3

Source: Agency for statistics of Bosnia-Herzegovina

Growing export is an indicator of the resistance of local export-oriented companies while a decreasing foreign trade deficit is also good news for the BiH economy. But a drop in imports also represents a negative indicator. As BiH imports almost everything for final consumption, from food, clothes and hygienic products, this drop in imports is most likely an indicator of falling domestic consumption, which is not good news.

In January, the total number of employed in BiH dropped to 809,667, which is 0.5% less compared with the previous month and 2.9% less compared with January 2020, so the number of employed remains below the pre-pandemic level. [22]

A survey made by UNICEF in 2020 about the effects of the pandemic on BiH society shows that 48.5% of respondents answered that their financial situation is worse than before the pandemic while 21.5% said that they had to reduce the purchase of food products. [23]

Such a situation clearly shows not only that the purchasing power is declining, which will have a direct consequence for the retail sector and public finances, but more importantly it is an indicator of the worsening social situation and growing social tensions, with unpredictable consequences. However, these trends are still not clearly visible from macroeconomic data.

3.3 Latest statistical data

GDP (2020 est.):	-5.5 %
GDP per capita (2020 est.) (USD):	5,913
GDP (2020 est.) (USD mil.):	19,389
Population ('000) - 2020 est.:	3,279

(Source: IMF)

Foreign Exchange Reserves

Month	Foreign exchange reserves (EUR billion)			Change (pct)	
	II-2020	I-2021	II-2021	II-2021/I-2021	II-2021 / II -2020
	6,4	7,0	6,97	-0,6	9,7

Source: Central Bank of BiH

Banking sector

Total assets commercial banking sector in BiH (EUR billion)			Change (pct)		
Month	II-2020	I-2021	II-2021	II-2021/I-2021	II-2021 / II -2020
	16,9	17,2	17,3	0,6	2,4
Source: Central Bank of BiH					

Inflation (CPI)

Inflation (CPI) in BiH in pct		
Month	II-2021/I-2021	II-2021 / II -2020
	0,5	-1,3
Source: Agency for statistics of Bosnia-Herzegovina		

Industrial production

Industrial production			
FBiH (pct)		RS (pct)	
II-2021/ I-2021	II-2021 / II-2020	II-2021/ I-2021	II-2021 / II-2020
1,2	2,7	6,5	19,8
Source: Institute for Statistics of FBiH			
Source: Institute of Statistics - Republic of Srpska			

Employment and Unemployment

Month	Number of employed in B&H			Change (pct)	
	I-2020	XII-2020	I-2021	I-2021/ XII-2020	I-2021 / I-2020
	833.909	813.942	809.667	-0,5	-2,9
Source: Labour and Employment Agency of Bosnia – Herzegovina					

Month	Number of unemployed persons in BiH			Change (pct)	
	II-2020	I-2021	II-2020	II-2021/ I-2021	II-2021 / II-2020
	402.888	415.027	410.776	-1,0	2,0
Source: Labour and Employment Agency of Bosnia – Herzegovina					

Wages

	Average net wages in BiH (EUR)			Change (pct)	
Month	I-2020	XII-2020	I-2021	I-2021/ XII-2020	I-2021 / I-2020
	482	504	494	-2,0	2,5

Source: Agency for statistics of Bosnia-Herzegovina

	Average net wages in FBiH (EUR)			Change (pct)	
Month	I-2020	XII-2020	I-2021	I-2021/ XII-2020	I-2021 / I-2020
	475	490	493	0,6	3,8

Source: Institute for Statistics of FBiH

	Average net wages in RS (EUR)			Change (pct)	
Month	II-2020	I-2021	II-2021	II-2021/ I-2021	II-2021 / II-2020
	488	491	502	2,2	2,9

Source: Institute of Statistics - Republic of Srpska

Pensions

	FBiH number of pensioners			Change (pct)	
Month	III-2020	II-2021	III-2021	III-2021 / II-2021	III-2021 / III-2020
	422.880	428.447	423.973	0,0	1,9
Source: Federal pension and disability insurance institute					

	FBiH average pension (EUR)			Change (pct)	
Month	III-2020	II-2021	III-2021	III-2021 / II-2021	III-2021 / III-2020
	214	218	218	0,0	1,9
Source: Federal pension and disability insurance institute					

	RS number of pensioners			Change (pct)	
Month	II-2020	I-2021	II-2021	II-2021 / I-2021	II-2021 / II-2020
	266.480	267.263	268.862	0,6	0,9
Source: Fund for pension and disability insurance RS					

	RS average pension (EUR)			Change (pct)	
Month	II-2020	I-2021	II-2021	II-2021 / I-2021	II-2021 / II-2020
	201	207	207	0	3,0
Source: Fund for pension and disability insurance RS					

About

The Bosnia and Herzegovina Analytical Report series is produced by BIRN Consultancy, part of BIRN Ltd. BIRN Consultancy is an independent analysis, advisory and corporate investigation consultancy with a regional focus on the Balkans. Our mission is to help our clients better understand both the opportunities and challenges facing them in the south-east Europe. Often, our clients already have a degree of familiarity with the region. They turn to us for more detailed analysis of developments and trends or to investigate a particular problem, because our unique mix of knowledge and expertise gives us a competitive edge over others.

Footnotes

[1] According to the data collected by the Johns Hopkins University, on April 7, 2021, BiH was on the fifth place of the global list with 212,16 deaths on 100,000 population. For details see:

<https://web.archive.org/web/20210408004020/https://coronavirus.jhu.edu/data/mortality>

[2]<https://www.oslobodjenje.ba/vijesti/region/odlicne-vijesti-za-bh-gradane-iako-je-srbija-obustavila-vakcinaciju-stranaca-oni-koji-su-primili-prvu-dozu-bice-i-revakcinisani-645156>

[3]<https://vakcine.ba/covid-19-i-vakcinacija/prve-istoruke-vakcina-putem-covax-mehanizma-stigle-u-bih/>

[4]<https://www.aa.com.tr/ba/balkan/tu%C5%BEila%C5%A1tvo-bih-podiglo-optu%C5%BEnicu-u-predmetu-respiratori-/2065831>

[5]<https://www.klix.ba/vijesti/bih/sta-se-uistinu-desava-na-kcus-u-i-koliko-su-pisma-autenticna/210404050>

[6] <https://balkans.aljazeera.net/news/balkan/2021/4/5/sarajevo-tuzilac-i-sipa-usli-na-kcus>

[7] As outlined in the last analysis, in the absence of minimal electoral reform, Bosnian Croat and Serb parties would most likely block and boycott the 2022 general elections, which would effectively bring the final collapse of the Dayton political and administrative setup in BiH.

[8] This report refers to SDP, Nasa Stranka and other similar parties as Bosniak parties because they almost exclusively rely on Bosniak votes and share similar political goals as other Bosniak parties. While these parties are in general more liberal and leftist compared to parties like SDA or NIP, and although they still include a number of well-known and highly respected non-Bosniak members (like Bogic Bogivecic), many of their senior leaders (as well as affiliated media and academics) are today perceived to be greater Bosniak nationalists than the average SDA or NIP politicians. Because of such nationalists and populist positions, many former members and supporters of these parties believe that they have squandered their civic image and principles.

[9]<https://www.istraga.ba/sef-delegacije-eu-johann-sattler-otvorio-karte-legitimno-je-da-rusija-radi-na-svojem-interesima-u-bih/>

[10]<https://www.klix.ba/vijesti/bih/komsic-poslao-non-paper-u-brisel-zestoka-kritika-delegacije-eu-zbog-odnosa-prema-snsd-u-i-hdz-u/210402102>

[11]<https://www.klix.ba/vijesti/bih/ambasadori-kvinte-i-eu-reagovali-na-komsicev-non-paper-koji-je-poslao-u-brisel/210402155>

[12]<https://twitter.com/USEmbassySJJ/status/1377605992200994819>

[13]<https://www.klix.ba/vijesti/bih/americki-sekretar-pisao-predsjednistvu-bih-nema-dejtona-2-fokusirati-se-na-ciljane-reforme/210401121>

[14]<https://www.klix.ba/vijesti/bih/je-li-pismo-americkog-sekretara-kraj-sna-o-velikoj-bidenovoj-intervenciji-u-bih/210402027>

[15] Online press conference with former General Philip Breedlove, March 9, 2021

[16] Russian embassy statement from March 18, 2021, available at:
https://bih.mid.ru/bs/press_center/news/saop_tenje_za_javnost/

[17] US embassy in Sarajevo press statement on March 19, 2021, available at:
<https://twitter.com/USEmbassySJJ>

[18] World Economic Outlook database: April 2021
<https://www.imf.org/en/Publications/WEO/weo-database/2021/April>

[19] World Bank Europe and Central Asia Economic Update, Spring 2021 : Data, Digitalization, and Governance <https://openknowledge.worldbank.org/handle/10986/35273>

[20] Central Bank of BiH (<https://www.cbbh.ba>)

[21] Agency for statistics of Bosnia-Herzegovina (<http://bhas.gov.ba>)

[22] Agency for statistics of Bosnia-Herzegovina (<http://bhas.gov.ba>)

[23] UNICEF Procjena posljedica COVID-19 na društvo u Bosni i Hercegovini
<https://www.unicef.org/bih/izvjestaji/procjena-posljedica-covid-19-na-drustvo-u-bosni-i-hercegovini>