

THE IMPACT OF COVID-19 ON AGRICULTURE, FOOD AND RURAL AREAS OF WESTERN BALKANS

Country report
Bosnia and Herzegovina

Željko Vaško

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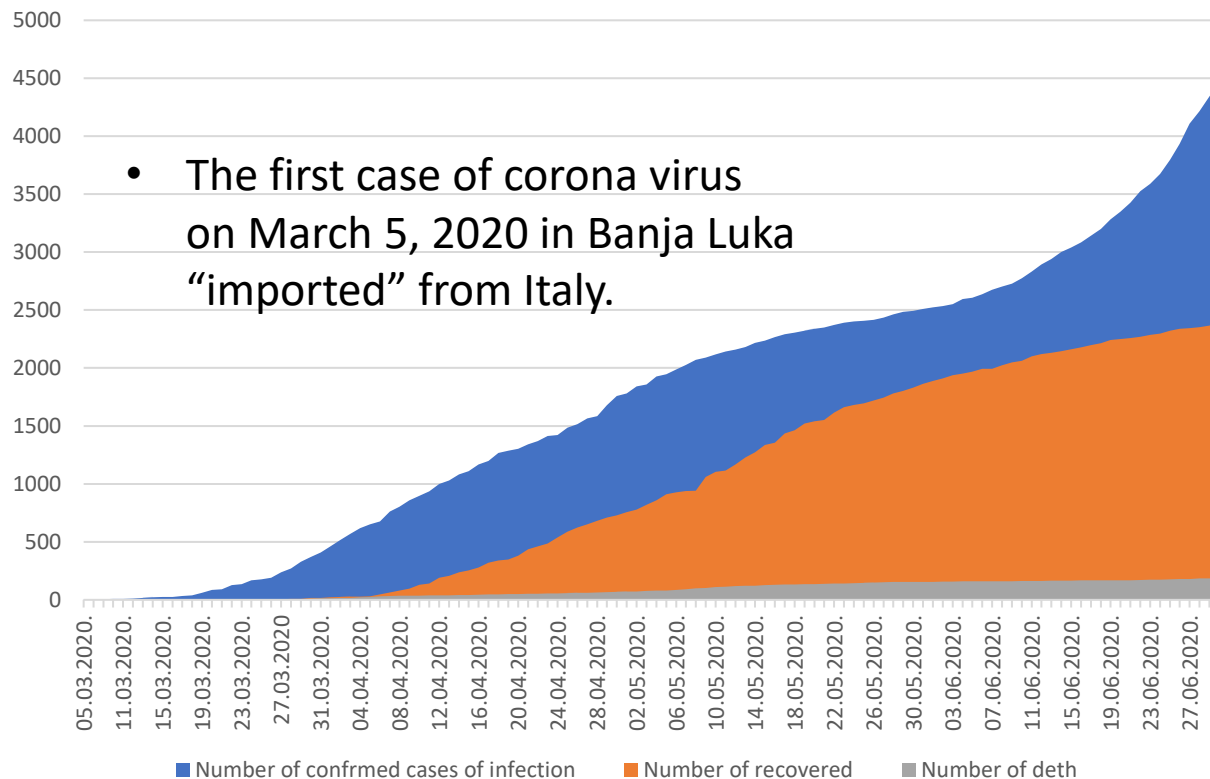
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COVID-19 Country context



- With June 30, 2020
 - infected 4,453
 - recovered 2,402
 - died 186
- With September 30, 2020
 - infected 27,222
 - recovered 22,939
 - died 836

COVID-19 Country context

		Territory	Start	End
1.	State of natural or other disaster	BiH	17.03.2020.	-
2.	State of disaster	FBiH	16.03.2020.	31.05.2020.
3.	State of emergency	RS	16.03.2020.	20.05.2020.
4.	State of natural or other disaster	BD BiH	13.03.2020.	-

- The period of state of emergency is characterized by ban on entry and exit of foreign and domestic citizens in and out of BiH and prohibitions and restrictions on movement and assembly with the country.
- Although, the virus is still present, and number of infected is increasing, the approach in the fight against the virus has changed and since the end of May, restrictions on movement and gatherings have been alleviated.

Policy Responses



- Restrictions on the entry of people from abroad;
- Epidemiological surveillance of passengers from high-risk countries and mandatory 14-day quarantine;
- Ban and restriction of movement within BiH;
- Ban on gathering of groups with more than, 5, 50, 100, ...
- Closing hotels, restaurants and cafes;
- Closing of most stores and services;
- Reduction of public transport and complete ban on public transport
- Restricted services of public administration;
- Move to work from home and on the distance (e.g. education);



Policy Responses



- Establishment of Compensation/Stabilisation Funds;
- Financial assistance to entrepreneurs, businesses, the health sector and public sector employees;
- Limitation of purchase of essential food products;
- Administrative control of food prices;
- No restrictions for the export or import of some products, including food;
- Impairment of advance tax and tax debt rescheduling;
- Touristic vouchers (in RS);



Agriculture and food policy



- Increased funding for existing agricultural incentives;
- Accelerated the payment of approved incentives;
- Paid off most of the previous debts;
- Increased initial funding for capital investment subsidies;
- Distribution sowing packages of inputs for vegetable and soybeans (100/50% grants in RS) and subsidizing part of the costs of spring sowing of corn, buckwheat and vegetables (in FBiH);
- Moratorium on loan repayment approved by banks and MCOs;
- Guarantees for bank loans up to 50% (in FBiH) or 70% (in RS);
- Agreement with processors on priority purchase of domestic agricultural products;
- Intervention purchase of cattle, pigs and vegetables (in RS);
- Starting with internet platforms for sale of food.



Input supply



- High dependence of import of inputs for agriculture (fuel, mineral fertilizers, pesticides, seeds, calves for fattening, concentrated fodder,...), and for food processing industry;
- There were no problems with supplying the market with these inputs, inter alia because imports were made before the pandemic escalated;
- Slight increase in prices of some of the inputs.
- BiH is not dependent on the use of workforce from other countries and relies exclusively on the local population;
- No changes in the supply of credit (and interest rates) in the capital market.



Production



- Larger areas were sown than in the previous two years, +17,000 ha or 6% (primarily maize (+ 4.5%), followed by soybean (+50%) and potatoes (+7%), vegetable);
- Under average yields of wheat and good projections of maize yield;
- The increase in vegetable production and the surplus of vegetables in the summer;
- Late frosts and more frequent rains reduced yields in fruit growing;
- Surplus of live animals, primarily beef, because the expected export to Turkey was not realized;
- Intervention purchase of live animals and approved additional incentives.

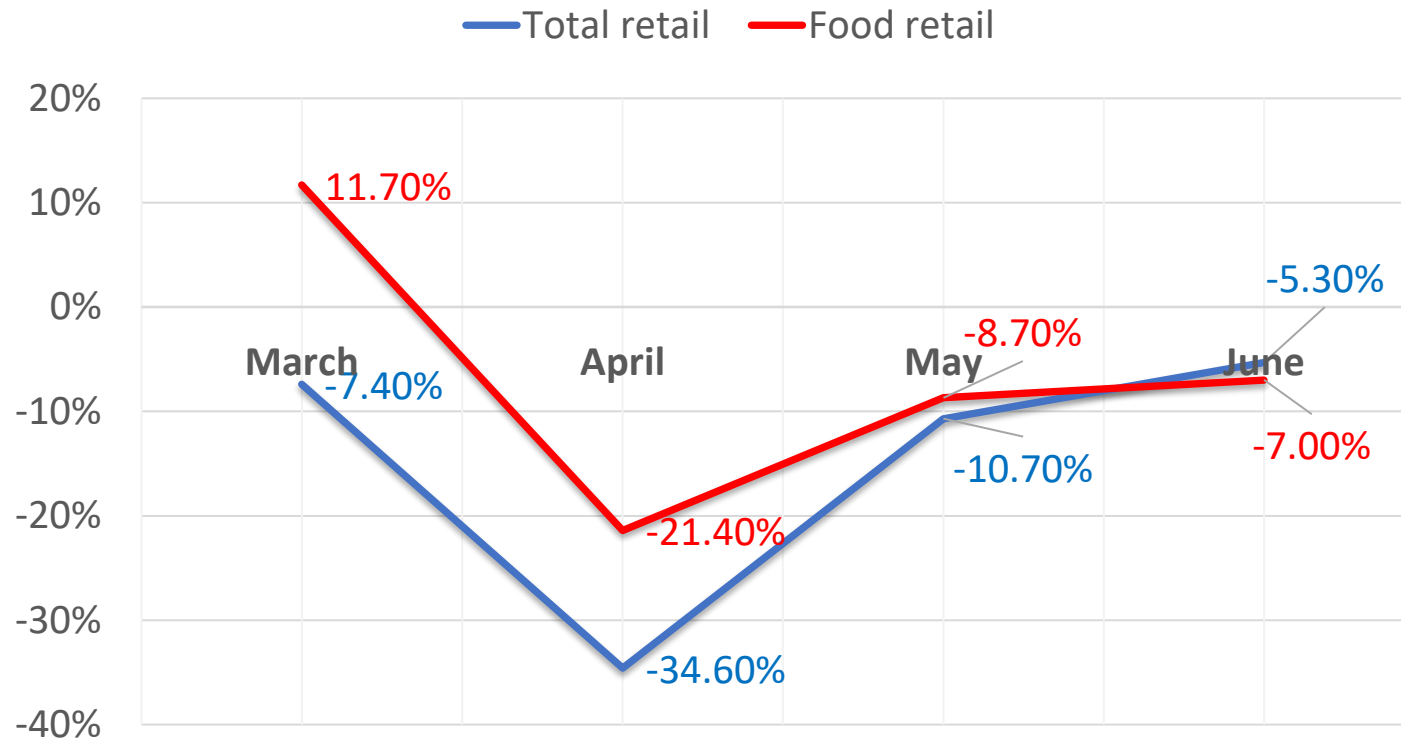


Food processing industry (2020/2019)

	Month on month growth rates	<u>III 2020</u> <u>II 2020</u>	<u>IV 2020</u> <u>III 2020</u>	<u>V 2020</u> <u>IV 2020</u>	<u>VI 2020</u> <u>V 2020</u>
C	MANUFACTURING (Total)	-6.6%	-6.4%	2.0%	2.9%
10	Manufacture of food products	2.1%	-3.6%	-1.8%	-0.6%
11	Manufacture of beverages	0.5%	-24.0%	31.2%	9.3%
12	Manufacture of tobacco products	111.0%	-63.7%	300.3%	-65.5%
	Year on year monthly growth rates	<u>III 2020</u> <u>III 2019</u>	<u>IV 2020</u> <u>IV 2019</u>	<u>V 2020</u> <u>V 2019</u>	<u>VI 2020</u> <u>VI 2019</u>
C	MANUFACTURING (Total)	-9.9%	-15.9%	-15.9%	-9.1%
10	Manufacture of food products	1.7%	-6.1%	-13.9%	-3.2%
11	Manufacture of beverages	-15.3%	-44.7%	-12.6%	2.4%
12	Manufacture of tobacco products	-11.6%	-75.3%	79.3%	-55.9%
	Gros volume index	<u>III 2020</u> <u>Ø 2019</u>	<u>IV 2020</u> <u>Ø 2019</u>	<u>V 2020</u> <u>Ø 2019</u>	<u>VI 2020</u> <u>Ø 2019</u>
C	MANUFACTURING (Total)	93.8	83.2	84.80	90.6
10	Manufacture of food products	101.8	97.9	91.4	91.6
11	Manufacture of beverages	84.1	63.2	89.8	117.1
12	Manufacture of tobacco products	58.4	18.0	98.8	33.5



Retail (2020/2019)



Prices (2020/2019)

	Month versus month	<u>III 2020</u>	<u>IV 2020</u>	<u>V 2020</u>	<u>VI 2020</u>
		III 2019	IV 2019	V 2019	VI 2019
00	Total Consumer price index	100.1	98.8	97.9	98.5
01	Food and non-alcoholic beverages	101.0	101.3	100.3	101.10
01.1	Food	101.0	101.4	100.3	101.2
01.2	Non-alcoholic beverages	101.2	100.3	100.10	99.7
02	Alcoholic beverages and tobacco	105.5	105.5	105.7	105.5
02.1	Alcoholic beverages	101.9	101.9	102.7	101.7
02.2	Tobacco	106.5	106.5	106.50	106.5

Administrative control of essential food products (bakery, milk and meat products, fruit and vegetable, sugar, salt, edible oil).

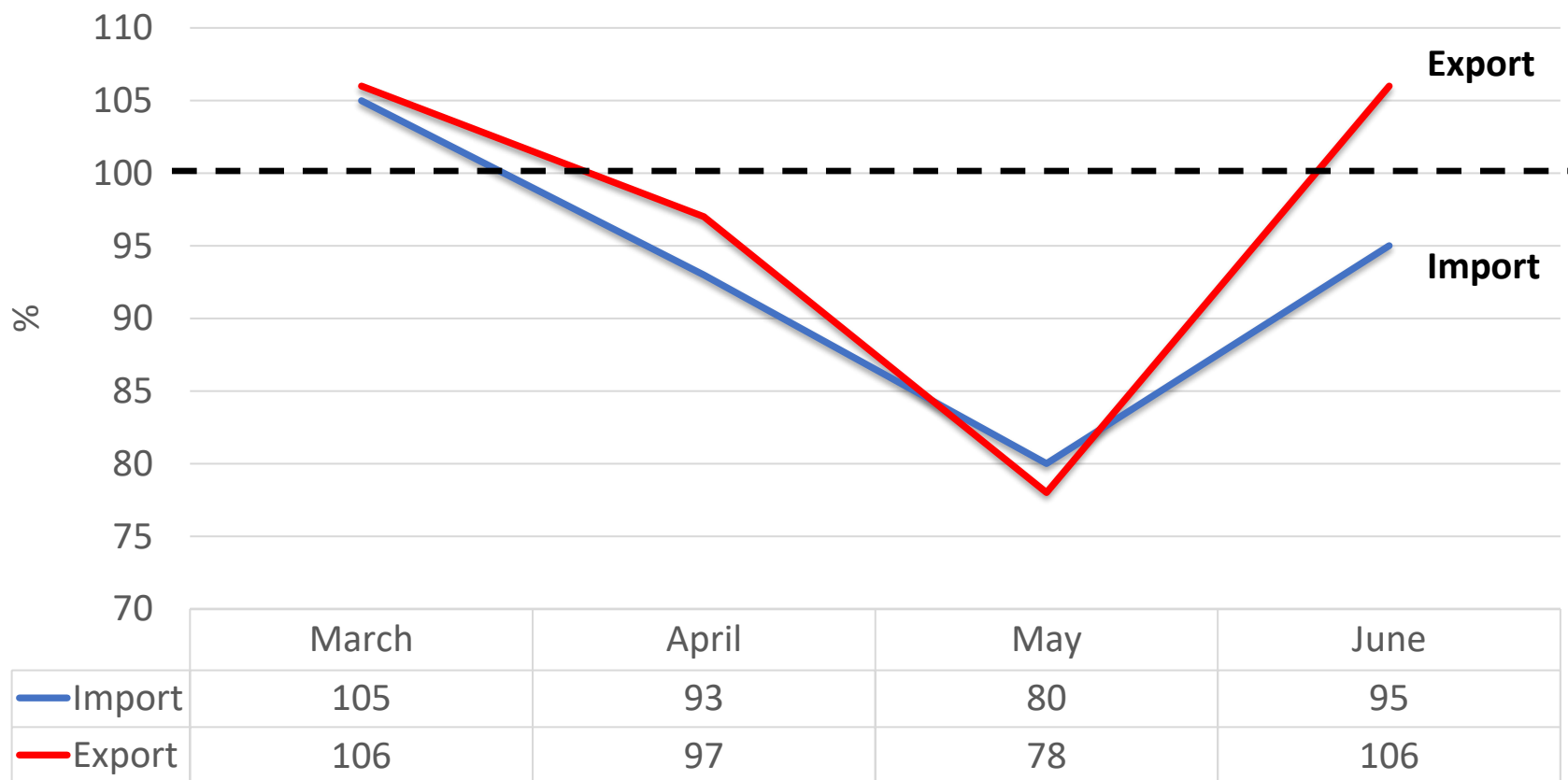
Prices

		<u>Q1 2020</u> <u>Q2 2019</u>	<u>Q2 2020</u> <u>Q2 2019</u>
1.	Agricultural output, total	100.8	101.4
2.	Crop output, total	95.9	101.3
3.	Cereals	99.2	98.9
4.	Industrial crops	111.6	108.9
5.	Forage crops	105.3	94.8
6.	Vegetables	97.6	94.7
7.	Potatoes (including seeds)	69.6	91.5
8.	Fruits	108.1	110.7
9.	Animal output, total	102.9	101.5
10.	Livestock and poultry	103.9	101.1
11.	Cattle	100.3	111.1
12.	Pigs	109.3	102.3
13.	Sheep	109.7	86.9
14.	Poultry	92.7	95.4
16.	Animal products	101.2	102.2
17.	Cow's milk	104.0	105.1
18.	Consumer eggs	93.3	86.2

		<u>Q1 2020</u> <u>Q1 2019</u>	<u>Q2 2020</u> <u>Q2 2019</u>
1.	Seeds and planting stocks	103.8	103.8
2.	Energy and lubricants	97.9	77.9
3.	Fertilizers and soil improvers	104.3	100.9
4.	Plant protection products	100.0	98.1
5.	Veterinary expenses	103.4	103.4
6.	Animal feeding stuff	95.3	102.3
7.	Maintenance of equipment	101	80.3
8.	Maintenance of buildings	98.8	98.9
9.	Other goods and services	100.0	100.2
10.	Seeds and planting stocks	99.9	99.8
	TOTAL INPUTS	97.7	97.9



Foregin trade (2020/2019) (1-24 head of HCT)



2020

Rural communities



- Life in the countryside as advantage?!
- Problems of elderly in the villages with the supply of food, medicine, hygiene and other products.
- Suspension of public transport, difficulties in access to health and some other public services for rural population.
- Comeback of (rural) migrants from abroad.
- Extra labor due to interruption of work elsewhere during pandemic.
- Greater use of ITC and digital tools forced by the pandemic.
- Agriculture, as a key economic activity in rural areas, survived without major consequences due to the pandemic.



Conclusions



- Governments' responses to mitigating the effects of the pandemic have been restricting movement to reduce the spread of the virus.
- Financial assistance to maintain employment.
- In agriculture without significant financial support compared to previous years.
- Despite this, there were no major shortages in the market and no increase in food prices.
- Without price speculations during pandemic.
- High dependence of BiH on imports of inputs for agriculture and food imports and vulnerability to interruptions in foreign trade.



Recommendations



- 1) Make the domestic market less dependent on import.
- 2) Establish reserves of key food products for emergencies such as pandemics.
- 3) Slow down the spread of the virus through increased monitoring of the movement of people and goods (incl. rural areas).
- 4) Prevent rising unemployment due to the impact of the pandemic and include farmers and some of the compensation programs.
- 5) Strengthen private-public partnership in ensuring proper market supply.
- 6) Launch a new investment cycle in agriculture to recover from COVID-19 consequences.
- 7) Increase the degree of solidarity through cooperation between different levels of national public administration and at international level.

