



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - public distribution

Date: 1/9/2004

GAIN Report Number: BK4001

Bosnia-Herzegovina

Wine

Market Brief

2004

Approved by:

Sarah Hanson
U.S. Embassy

Prepared by:

Sanela Stanojocic

Report Highlights:

Bosnia and Herzegovina (BiH) imports approximately 60% of its annual wine consumption. Major suppliers include Croatia, Serbia and Montenegro, and Slovenia. Per capita consumption is around 3.5 liters. This is low when compared to other European countries. Pre-war wine production at around 178,000 hl has dropped to 75,000 hl. Production is mostly located Herzegovina. Consumers prefer lower quality wines with a retail price below \$4.00 - \$5.00. Higher quality wines retail at about \$6.00.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Vienna [AU1]
[BK]

Market Information

Post estimates that per capita wine consumption in Bosnia and Herzegovina (BiH) is around 3.5 liter, low when compared to other European countries (an official public survey conducted over 10 years ago reports per capita consumption at 2.1 liters). Bosnia and Herzegovina population is around 3.8 million. BiH citizens consume more beer (around 15 – 20 l) and brandy (around 8 l).

Grapes and wine are mostly produced in southern part of the country, in the Herzegovina region, an area with favorable climate and a long history of wine production. The most famous local varieties/wines are “Zilavka” (white wine) and “Blatina” (red wine). Popular local varieties also include Plavka, Dobrogostina, Vranac, Trnjak, Krkošija, Smederevka and Bena. According to Food and Agricultural Organization (FAO), pre-war production of around 178,000 hl dropped to 75,000 hl. This happened because the 1992-1995 war destroyed infrastructure and production capacity, and many vineyards and nurseries were damaged. Also, existing vineyards are aging and are not being renewed. The big state-owned wine producer “Hepok”, Mostar that controlled the whole market before the war, collapsed. Bigger wineries are located in Hercegovina (Mostar, Citluk, Ljubuski and Domanovici - Capljina), as well as a number of small private cellars, very proud of their tradition in wine production.

The Bosnia and Herzegovina agriculture ministries support¹ establishing new vineyards with 3,500 KM² per hectare in the Republika Srpska (RS) and with 2,700 KM/ha in the Federation of BiH (FBiH).

Wine is imported by a number of companies and sold to retail stores and hotels/restaurants (please see a listing of some of the specialized wine importers under the “Wine Importers” section of this report). The Bosnia and Herzegovina ministries of finance control imports of alcohol drinks. Wine is mostly sold together with different food items in retail stores and supermarkets, and there are only few specialized stores for alcohol drinks.

Consumers are unfamiliar with American wines, and no American wines are being sold in the market at this time. Because of low disposable income, consumers prefer lower quality wines with a retail price below \$4.00 - \$5.00. For higher quality wines retail prices are \$6.00 and up.

Trade

BiH imported a total of 72,060 hectoliters of wine in 2001. Imports of wine rose to 86,690 hl in 2002. Around 90% of total imports came from Croatia, Serbia & Montenegro, and Slovenia.

The FBiH mostly imports from Croatia and Slovenia and exports around 90 % of its wine to Croatia. The RS imports 85% - 90% of its wine from Serbia & Montenegro.

Table 1: BiH Wine Import/Exports in 2001 and 2002³

Wine Imports (hl)	FBiH	RS	Total
2001	28,000	44,000	72,060
2002	37,580	49,110	86,690

¹ Under the 1995 Dayton Peace Agreement, Bosnia Herzegovina (BiH) is divided into two Entities: the Federation of Bosnia and Herzegovina (F BiH) and Republika Srpska (RS). Due to this dual governmental structure there is no common agricultural policy at the national level. Also, there is no official crop data available on countrywide basis and producer support programs vary by Entity.

² BiH currency, KM (Convertible Mark); 1.00 KM =~\$1.60

³ Sources: FBiH and RS Statistical Institutes

Wine Exports (hl)	FBiH	RS	Total
2001	16,240	n/a	n/a
2002	17,740	n/a	n/a

Tariffs and taxes

BiH has no quantitative restrictions of wine imports.

The tariffs are as follows:

Table 2: BiH Tariffs for Wine

Tariff No.	Description	Tariff
2204 10	Wine, sparkling	
2204 10 11 00 until 2204 10 99 00	Sparkling wine with 8.5% or more alcohol, champagne and the rest, asti spumante and the rest	15%
2204 21 10 00	In containers holding 2 liters or less and wine except 2204 10	15% + 0.20 KM/l
2204 21 11 00 until 2204 21 99 00	White wines: Alsace, Bordeaux, Burgundy etc.	15% + 0.50 KM /l
2204 29 10 00	The rest, except 2204 10	15% + 0.20 KM/l
2204 29 12 00 until 2204 29 99 00	White wines: Bordeaux, Burgundy etc.	15% + 0.50 KM /l
2204 30 10 00 until 2204 30 98 00	White wines: Bordeaux, Burgundy etc.	15%
2205 10 (2205 10 10 00 and 2205 10 90 00)	Vermouth in containers holding 2 liters or less	15%
2205 90 (2205 90 10 00 and 2205 90 90 00)	The rest Vermouth	15%

1% of the customs value is charged on imports for customs record keeping/import verification.

Due to existing Free Trade Agreements, as of April 1, 2004 Croatia and Serbia & Montenegro will pay 0% import duties, and as of January 1, 2004 Slovenia pays 30%, and Macedonia pays 40% of total import duties.

An excise tax is paid for all alcoholic beverages. The tax for wine is 0.25 KM/liter. The entities' finance ministries issue and control excise stamps.

Wine Importers:

1. "BILI BRIG" D.O.O. GRUDE

Herceg Stjepana bb

88340 Grude

Bosnia and Herzegovina

Tel: +387 39 662 763

2. BADEL BOBITA d.o.o. Citluk

Kralja Tomislava 42/A

88260 Citluk

Bosnia and Herzegovina

Tel: +387 36 643 120, 643 060 and 643 408

Fax: +387 36 643 412

Komercijala@bobita.ba

3. "VINO DOMANOVICI" D.O.O.

Domanovici bb

88305 Domanovici - Capljina

Tel/Fax: +387 36 800 094

4. "VF-KOMERC" D.O.O. SARAJEVO

Bacici bb

71000 Sarajevo

Bosnia and Herzegovina

Tel. +387 33 429-740, fax 429-742 -

5. PTP "HERCEGOVINAVINO" D.O.O. MOSTAR

Bisce polje bb

88000 Mostar

Tel/fax. +387 36 314 4

Other important information

F BiH Ministry of Finance
Alipasina 41
71 000 Sarajevo
Tel.: +387 33 203 147
Fax: +387 33 216 603
<http://www.fbihvlada.gov.ba/engleski/index.html>

RS Ministry of Finance
Vuka Karadžica 4
51000 Banja Luka
Tel: +387 51 331-350
Fax: +387 51 331-351
<http://www.vladars.net/en/min/mf.html>
E-mail: mf@mf.vladars.net

Post Contact:

FAS/USDA
US Embassy to BiH
71000 Sarajevo
Bosnia and Herzegovina
Tel.: +387 33 445 700, x2099
Fax: +387 33 212 692
Contact person: Sanela Stanojic
<http://www.usembassy.ba/>
E-mail: StanojicS@usembassy.ba