

BOSNIA AND HERZEGOVINA

Bosnia and Herzegovina is a potential candidate country for EU accession following the Thessaloniki European Council of June 2003. Following the entry into force of the Interim Agreement on 1 July 2008, access of products from Bosnia and Herzegovina to the EU expanded, and EU exports to the country have been granted trade preferences. In 2007, both the country's exports to and imports from the EU increased by 6.3% and 8.8% respectively. The main source of export revenues are manufactured goods – including textiles, machinery and transport equipment, and raw materials. The EU is the main trading partner of the country.

After a period of successful post-conflict reconstruction, strong GDP growth continued in the post-reconstruction period, averaging 6 percent for the past five years. However, with the global economic crisis has led to a rapid external adjustment, with the Current Account Deficit estimated to have dropped from 14.9 percent in 2008 to around 7 percent in 2009. In July 2009 following important fiscal measures at state and entity level, the IMF approved a 36-month stand-by arrangement of US\$ 1.57 billion.

Railway capacities and infrastructure were mostly destroyed during the war. The total damage is estimated at one billion USD. After the war, tracks, bridges, railway facilities, and contact network were repaired and traffic restarted in the entire territory of B&H. The two railway companies in Bosnia and Herzegovina are ŽFBH (Željeznice Federacije Bosne i Hercegovine) and ZRS (Željeznice Republike Srpske).

In terms of adopting the European legislation, there has been limited progress in the area of rail transport. Network statements, providing train operators with a single information source on rail infrastructure, have been prepared. Some legislative steps have been carried out by Republika Srpska. However, railway companies do not yet meet the preconditions for functioning as vertically integrated - in accordance with the *acquis* - since independent audits for effective separation between infrastructure managers and railway undertakings have not been performed. Bosnia and Herzegovina signed in 2005 a credit agreement with Portugal for 32 million Euro

and includes details on the delivery of 356 new wagons and modernisation and reconstruction of 411 wagons of FBiH Railways. The Agreement was signed in 2005 and the deadline of payment is 28 years. BiH railways should acquire additional 1.000 freight cars to meet the requirements of BiH railway sector.

Sarajevo was also the first city in Europe and the second city in the world to have a full-time operational electric tram network running through the city. It consists of one line, 10.7 kilometres long, being an east-west link.

Background figures in railways (2009):

600 (ZBH) + 416 (ZRS) km length of lines
440 (ZBH) + 330 (ZRS) km electrified lines
462 (ZBH) + 442 (ZRS) x 1 000 passengers carried
34 (ZBH) + 27 (ZRS) x 1 000 000 passenger-km
7,203 (ZBH) + 4,012 (ZRS) x 1 000 tonnes carried
703 (ZBH) + 323 (ZRS) x 1 000 000 tonne-kilometres

Economics	2008	2009
GDP (current billions US\$)	18.51	17.12
GDP growth (annual %)	5	-3
Exports of goods and services (% of GDP)	37	32
Imports of goods and services (% of GDP)	69	57
Industry, value added (% of GDP)	29	27

Ease of Doing Business Rank 2010

World	rank 116
OECD	rank 23

