

Introduction

Bosnia and Herzegovina is a country in Southeastern Europe on the Balkan Peninsula. It borders Croatia, Serbia, and Montenegro and has a small Adriatic Sea coastline. The geography of Bosnia and Herzegovina is mountainous. The government system is an emerging federal democratic republic. Three members (one Bosniak, one Croat, and one Serb) make up the presidency, but the chief of state is the chairman of the presidency, a rotating position between the three. The head of government is the chairman of the council of ministers. Formally a planned economy, Bosnia and Herzegovina is transitioning to a mixed economic system which includes a private-enterprise system, combined with government regulation. Bosnia and Herzegovina is a member of the Central European Free Trade Agreement (CEFTA).



Location: Southern Europe

Capital City: Sarajevo (+1 GMT)

Chief of State: Chairman of the Presidency Zeljko Komsic

Head of Govt.: Chairman of the Council of Ministers Borjana Kristo

Currency: Bosnia and Herzegovina convertible mark (BAM)

Major Languages: <p>Bosnian (official) 52.9%, Serbian (official) 30.8%, Croatian (official) 14.6%, other 1.6%, no answer 0.2% (2013 est.)</p>

Primary Religions: <p>Muslim 50.7%, Orthodox 30.7%, Roman Catholic 15.2%, atheist 0.8%, agnostic 0.3%, other 1.2%, undeclared/no answer 1.1% (2013 est.)</p>

Calling Code: 387

Voltage: 220

Key Websites

Main Government Page: fbihvlada.gov.ba

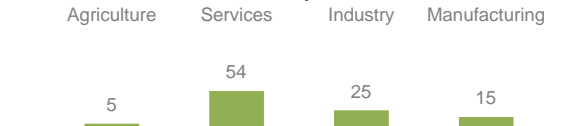
Commerce Ministry: fmt.gov.ba

Investment Promotion Agency: wbc-rti.info

Key Economic Facts

Income Level (by per capita GNI):	Upper Middle Income
Level of Development:	In Transition
GDP, PPP (current international \$):	\$65.89 billion (2022)
GDP growth (annual %):	3.90% (2022)
GDP per capita, PPP (current international \$):	\$20,376.89 (2022)
External debt stocks, total (DOD, current US\$):	\$12,986,165,818.10 (2021)
Manufacturing, value added (% of GDP):	14.90% (2022)
Current account balance (BoP, current US\$):	-\$1.10 billion (2022)
Inflation, consumer prices (annual %):	14.02% (2022)
Labor force, total:	1,366,232 (2022)
Unemployment, total (% of total labor force) (modeled ILO estimate):	14.05% (2022)
Imports of goods and services (current US\$):	\$14.94 billion (2022)
Exports of goods and services (current US\$):	\$11.34 billion (2022)

GDP Composition %



**Although Manufacturing is included in the Industry figures, it is also separately reported because it plays a critical role in economy.*

Rankings

Index	Rank
Corruption Perceptions Index	109 / 178
Global Competitiveness Index	92 / 141
Global Enabling Trade Index	83 / 136
Index of Economic Freedom	63 / 176
International Logistics Performance Index (LPI)	72 / 160
KOF Index of Globalization	57 / 185
Networked Readiness Index (NRI)	97 / 139
Open Budget Index	81 / 114

Risk Assessment (Provided by Coface)

Country rating: D - A high-risk political and economic situation and an often very difficult business environment can have a very significant impact on corporate payment behavior. Corporate default probability is very high.

Business Climate rating: B - The business environment is mediocre. The availability and the reliability of corporate financial information vary widely. Debt collection can sometimes be difficult. The institutional framework has a few troublesome weaknesses. Intercompany transactions run appreciable risks in the unstable, largely inefficient environments rated B.

Strengths

- Significant transfers from expatriate workers
- Stabilization and Association Agreement with the EU (2015) with pre-accession funds
- Tourism (12% of employment and 10.5% of GDP in 2019, directly and indirectly) and hydroelectric potential (already 35% of electricity produced)
- Member of various trade agreements such as the Central European Free Trade Agreement (CEFTA) since 2007, the European Free Trade Association since 2015, and the Regional Common Market of 6 Balkan countries since November 2020
- Free Trade Agreement under negotiation with Malaysia
- Wage competitiveness

Weaknesses

- Pending opening of accession negotiations since 2016 as few of the 14 priorities set by the Commission has seen progress
- Institutional, regulatory, economic, and community fragmentation (50% Muslim Bosniaks, 33% Orthodox Serbs, and 15% Catholic Croats)
- Lack of public investment (local transport, education, health)
- Exports sector is undiversified and exposed to commodity price movements
- Dependence on Italy and other neighboring countries for exports and remittances
- Corruption, cronyism, administrative and judiciary delays, defective rule of law

- High emigration estimated at 50,000 people per year, lack of skilled workforce
- Large informal sector (one-third of the economy), low labor force participation (47%), high youth unemployment (38%)
- Dependent on external funding

U.S. Embassy

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