

Gaining Strength For A New Future: Bosnia And Herzegovina's Export Opportunities

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ABSTRACT


International trade is crucial for Bosnia and Herzegovina's (B&H) economic prosperity. In this study guidance to B&H exporters is provided by identifying potential markets and products to focus on when designing future trade strategies. To this end trends in the world trade and trade patterns are examined using various approaches.

First approach to identify the potential markets for the B&H exports called for identifying the countries with highest general demand for Bosnia and Herzegovina's current export products. The products Bosnia and Herzegovina exports most along with the countries that demand these products the most in the world are identified. The second approach for identifying the potential export markets for B&H products examine the import volumes of other countries in the world. Still a more fruitful approach for the B&H exporters, at least in the short term, is to target the markets with the fastest growth of import volumes (the third approach). In the fourth approach, "untapped trade" and "highly untapped trade" countries that should be targeted by B&H exporters are presented. The fifth approach for identifying the potential export markets for B&H products is based on examining the products whose imports increased fastest in recent years and the countries that imported these products most.

The products/product groups that have the highest potential for B&H export success are also identified. First, most imported products as well as the products/product groups whose exports increased the fastest in recent years are examined. Second, the import volumes ten countries with the highest total imports are examined on a product basis to identify the products they import most as well as the products with the highest growth rate of imports. Third, product categories with "untapped trade potential" and "highly untapped trade potential" along with their respective markets are presented.

Long term sustainable success in the ever changing global economy requires a close and continuous scanning of the trends in the environment. The analysis approaches described above provide B&H exporters a starting point in evaluating their product and market selection strategies and designing new ones for the future.

INTRODUCTION

 Countries strive to achieve economic prosperity in order to sustain their viability in the highly competitive economic arena of the 21st century. Today's developed countries achieved the goal of economic prosperity for the most part through international trade. International trade is a component of globalization trend and an undeniable part of these countries' general economic policies. The increasing interdependence of socio-economic relationships among countries around the world no longer leaves room for application of inward-looking economic policies based on local industrial and economic advantages.

This study consists of four parts. The first part describes the recent trends and the structural changes in the world trade. The second part includes an analysis of the economy of Bosnia and Herzegovina (B&H) in general as well as in terms of export readiness. The third part is on the selection of markets that would be most profitable for B&H exporters. The fourth part addresses the issue of selection of products that can be most successful in these markets as well as the recommendations on policies and strategies for the exporters and the government to ensure this success.

The Developments in the World Trade

Both world production and world trade has grown rapidly in the recent decades. In fact, between 1995 and 2004, with the exception of 2001, world exports have grown faster than world output. Over these 10 years, world output has grown an average of 2.7% annually whereas world exports have grown an average of 5.9% annually. Trade growth continued to exceed output growth in 2004 (WTO 2005). This fact alone confirms the increasing importance of international trade for the economic policies of countries.

Table 1: World GDP and Merchandise Exports, 1995-2004 (Annual % Change)

	1995-00	2001	2002	2003	2004
World merchandise exports	7.0	-0.5	3.5	5.0	9.0
Agricultural products	3.5	2.5	3.5	3.5	3.5
Fuels and mining products	3.5	1.0	1.0	4.5	5.5
Manufactures	8.0	-1.0	4.0	5.0	10.0
World merchandise production	4.0	-0.5	2.5	3.5	4.0
Agriculture	2.5	1.5	1.5	2.5	3.0
Mining	2.0	-0.5	0.0	3.5	4.0
Manufacturing	4.0	-1.0	3.0	3.5	4.0
World GDP	3.0	1.0	1.5	2.5	3.5

Source: WTO (2004), World Trade Report 2004: Exploring the Linkage between the Domestic Policy Environment and International Trade, WTO, Geneva and WTO (2005), World Trade Report 2005. Exploring the Links between Trade, Standards and the WTO, Geneva

Globalization of the world economy brought about not only faster growth of world economies and world trade but also increasing interdependence among countries which means that the effects of an economic crisis in one country is felt deeply in other countries as well. In 2001, the global impacts of such a crisis were slower economic growth and decreasing exports in the world.

According to the WTO statistics (2005), trade of goods in the world increased by 10 % in 2004. Although this represents a better performance compared to 2002 and 2003, it is still significantly lower than the growth in the second half of the 1990s. The positive change in the world trade compared to 2002 and 2003 is mainly due to the performances of the transition economies of Asia and Eastern Europe. The imports and exports of these two regions in 2004 grew by almost 15 %. As seen in Table 2, North American countries were close to the world average but did not contribute the world trade as much as the Asian and Eastern European countries. The exports of Western Europe, although somewhat recovered in 2004, increased by only 0.5 % in 2003 and their imports grew only 1.5 % in the same period. According to the World Trade Report (WTO 2004), this slow growth of trade in Western Europe is due to the slowdown of investments and consumer spending in this region. Same report also points to the increasing fiscal deficit in the USA (4.9% of its GDP), Japan (7.4% of its GDP) and European Union (2.7% of its GDP) as one reason why global economy and hence world trade experienced accelerated growth in 2003.

Table 2: World Merchandise Trade by Regions, 1995-04
(Annual % Change)

Exports				Region	Imports			
1995-00	2002	2003	2004		1995-00	2002	2003	2004
7.0	3.0	4.5	9.0	World	7.0	3.0	5.0	10.0
7.0	-2.5	1.5	7.5	North America	10.5	4.0	5.5	10.5
9.5	-0.5	4.0	13.0	Latin America	10.0	-7.0	0.5	17.5
6.0	1.5	0.5	6.5	Western Europe	6.0	0.5	1.5	6.5
7.0	8.0	12.5	13.0	C./E. Europe/Baltic States/CIS	7.5	7.5	11.5	15.0
8.5	10.5	12.0	14.0	Asia	5.5	8.5	11.0	14.5
4.5	8.0	5.0	10.5	Japan	4.5	1.5	7.0	7.0
9.5	8.0	9.5	14.5	Six East Asian Traders	4.0	6.5	5.0	14.5

Source: WTO (2004), World Trade Report 2004: Exploring the Linkage Between the Domestic Policy Environment and International Trade, WTO, Geneva and WTO (2005), World Trade Report 2005. Exploring the Links Between Trade, Standards and the WTO, Geneva

Table 3 (as well as Table 2) shows that developing countries, particularly those in Asia and Eastern Europe, have been increasing their share in world trade in the recent decades. The trade growth attributed to these countries not only fueled the dynamism in the world trade but also contributed to their competitiveness in the global markets, enhancing their efforts toward the mission to take place among the developed nations of the world.

Table 3: Leading Exporter and Importers in World Trade, 2004
(Billion Dollars, % of World Trade, Annual % Change)

Rank	Exporter Country	Value	%	Annual Change, %	Rank	Importing Country	Value	%	Annual Change, %
1	Germany	912.3	10.0	21	1	United States	1525.5	16.1	17
2	United States	818.8	8.9	13	2	Germany	716.9	7.6	19
3	China	593.3	6.5	35	3	China	561.2	5.9	36
4	Japan	565.8	6.2	20	4	France	465.5	4.9	17
5	France	448.7	4.9	14	5	United Kingdom	463.5	4.9	18
6	Netherlands	358.2	3.9	21	6	Japan	454.5	4.8	19
7	Italy	349.2	3.8	17	7	Italy	351.0	3.7	18
8	United Kingdom	346.9	3.8	13	8	Netherlands	319.3	3.4	21
9	Canada	316.5	3.5	16	9	Belgium	285.5	3.0	22
10	Belgium	306.5	3.3	20	10	Canada	279.8	2.9	14
11	Hong Kong	265.5	2.9	16	11	Hong Kong	272.9	2.9	17
12	South Korea	253.8	2.8	31	12	Spain	249.3	2.6	20
13	Mexico	189.1	2.1	14	13	South Korea	224.5	2.4	26
14	Russian Federation	183.5	2.0	35	14	Mexico	206.4	2.2	16
15	Taipei, Chinese	182.4	2.0	21	15	Taipei, Chinese	168.4	1.8	32
16	Singapore	179.6	2.0	25	16	Singapore	163.9	1.7	28
17	Spain	178.6	2.0	14	17	Austria	117.8	1.2	18
18	Malaysia	126.5	1.4	21	18	Switzerland	111.6	1.2	16
19	Saudi Arabia	126.2	1.4	35	19	Australia	109.4	1.2	23
20	Sweden	122.5	1.3	20	20	Malaysia	105.3	1.1	26
21	Switzerland	118.5	1.3	18	21	Sweden	99.3	1.0	19
22	Austria	117.4	1.3	21	22	Turkey	97.5	1.0	41
23	Ireland	104.3	1.1	12	23	India	97.3	1.0	37
24	Thailand	97.4	1.1	21	24	Russian Federation	96.3	1.0	27
25	Brazil	96.5	1.1	32	25	Thailand	95.4	1.0	26

WTO (2004), World Trade Report 2004: Exploring the Linkage Between the Domestic Policy Environment and International Trade, WTO, Geneva

The Economy of Bosnia and Herzegovina

Bosnia and Herzegovina (B&H) is among the developing countries that are seen as rising stars of the world trade due to their growing share. Despite its rapid economic growth recently, B&H has been struggling to transform its economic, social and political systems since the Dayton Peace Accords that concluded the 1992-95 civil war. Before the war, B&H was a medium-developed industrial and agricultural republic within the former State of Yugoslavia, a centrally planned economy, with about 1,000 greatly overstuffed industrial organizations (UNDP, 2003). Since the end of the war, B&H has seen a remarkable transformation of its devastated society and economy. The IMF estimated that the real GDP growth in B&H in 2005 was 5%, lower than the 15.5% peak in 1998 but still quite impressive. The GDP per capita was estimated just over USD 2,000, slightly over its pre-war (1991) level of USD 1,979. The country's critical infrastructure is rebuilt, and modern political and economic institutions and processes are established due to the combined efforts of the B&H government, international financial institutions such as the World Bank (WB) and the International Monetary Fund (IMF), international donors and limited foreign investment. B&H started its process of accession to the World Trade Organization (WTO) in July 1999 by obtaining Observer status. Since then, B&H puts all its efforts to adjust existing legislation and to adopting all necessary legislation in accordance with WTO rules, provisions and regulations (World Bank, 2000).

The post-war economy of B&H is heavily dependent on imports mostly from the neighboring countries of Croatia, Yugoslavia, Slovenia, Austria and Germany. Domestic production with a few minor exceptions is limited. As B&H's trade routes to Europe did not run through Yugoslavia, exports were not disrupted by the bombing and sanctions during the Kosovo campaign in 1999 to the same extent as some other Balkan states (Link2Exports, 2007). Recent strong growth in imports of investment goods helps strengthening the country's export base, and significant export-oriented capacity has come on stream in the past year. Along with rising demand in several of B&H's leading export markets, this should bring about robust export growth in the coming years.

One of the main obstacles to B&H's efforts to increase the competitiveness of its economy is state-owned enterprises that represent as much as 60% of the economy. In fact, many firms (both privatized and state-owned) do not seek profits, loss-making is widespread and workers tolerate overdue in wage. One of the urgent remedies to make the economy more competitive is to support establishment of private enterprises. However, B&H does not provide a very convenient environment for starting new businesses¹ (World Bank, 2005). The challenges of launching a business in B&H are shown in Table 4. Entrepreneurs can expect to go through 12 steps to launch a business over 54 days on average, at a cost equal to 40.9% of gross national income (GNI) per capita. They must deposit at least 57.4% of GNI per capita in a bank to obtain a business registration number. To start new business is relatively expensive in B&H compared to the OECD countries and former Yugoslavian countries (The World Bank, 2005).

¹ **Starting a business** topic identifies the bureaucratic and legal hurdles an entrepreneur must overcome to incorporate and register a new firm. It examines the procedures, time, and cost involved in launching a commercial or industrial firm with up to 50 employees and start-up capital of 10 times the economy's per-capita gross national income (GNI).

Table 4: Starting a Business

Region/Economy	Procedures (number)	Duration (days)	Cost (% GNI per capita)	Min. Capital (% GNI per capita)
<i>Bosnia and Herzegovina</i>	12	54	40.9	57.4
East Asia & Pacific	8.2	52.6	42.9	109.2
Europe & Central Asia	9.6	36.4	13.5	49.1
Latin America & Caribbean	11.4	63	56.2	24.1
Middle East & North Africa	10.1	45.4	64.2	859.3
OECD	6.5	19.5	6.8	41
South Asia	7.9	35.3	40.5	0.8
Sub-Saharan Africa	11	63.8	215.3	297.2
Albania	11	41	31.1	39.9
Argentina	15	32	13.4	6.6
Austria	9	29	5.7	61.5
Brazil	17	152	10.1	0
Canada	2	3	0.9	0
China	13	48	13.6	946.7
Croatia	12	49	13.4	22.7
Czech Republic	10	40	9.5	39
Egypt	10	34	104.9	739.8
Estonia	6	35	6.2	41.4
Ethiopia	7	32	65.1	1,532.00
India	11	71	61.7	0
Italy	9	13	15.7	10.8
Malaysia	9	30	20.9	0
Romania	5	11	5.3	0
Russia	8	33	5	4.4
Serbia and Montenegro	10	15	6	9.5
Slovenia	9	60	10.1	17
Turkey	8	9	27.7	20.9
United States	5	5	0.5	0

Source: The World bank (2005), Doing Business in 2006, Doing Business in 2006: Creating Jobs, World Bank, Washington DC.

The liberalization of trade in the world is one of the major priorities of all the countries including B&H. B&H's economy is highly trade dependent. Export growth is the main driving force of its economic development agenda. The country's major trade policy objective is the integration of national economy into the global economy. As a small country, B&H is strongly interested in maintaining a well-functioning multilateral trading system, which is helping its companies get involved in the world market through export and direct investments. The state is supporting exporting companies by reducing the bureaucratic barriers over international trade. Table 5 shows that B&H is among the countries with short clearance time for exports and imports.

Table 5: Trade and Bureaucracy- 2005

Country/Region	Average time to clear direct exports through customs (days)	Longest time to clear direct exports through customs (days)	Average time to claim imports from customs (days)	Longest time to claim imports from customs (days)	Firms that export directly (%)
Bosnia and Herzegovina	2.00	2.65	2.47	3.82	32.00
East Asia & Pacific	3.75	5.99	5.39	9.81	32.32
Europe & Central Asia	3.26	6.10	3.85	7.82	24.16
Latin America & Caribbean	3.48	6.68	8.14	16.64	36.32
Middle East & North Africa	4.88	8.29	10.78	22.24	24.96
OECD	4.63	8.33	5.28	9.40	20.01
South Asia	6.25	10.49	9.46	17.28	28.99
Sub-Saharan Africa	4.40	8.43	8.22	16.46	31.32
Albania (2005)	1.36	2.68	1.70	3.90	33.33
Brazil (2003)	7.85	16.35	12.41	30.58	27.08
Bulgaria (2005)	1.67	2.97	2.41	4.65	22.00
China (2003)	6.16	5.78	7.60	10.48	17.77
Croatia (2005)	2.03	4.36	3.03	4.63	33.62
Ireland (2005)	2.62	5.76	3.01	6.33	31.46
Macedonia, FYR (2005)	1.91	3.60	3.10	6.65	25.00
Romania (2005)	2.14	3.83	2.62	4.78	20.50
Russia (2005)	7.18	13.61	7.12	17.6	13.81
Senegal (2003)	5.88	10.21	5.60	12.36	41.91
Serbia and Montenegro (2005)	3.02	5.28	4.72	9.29	31.33
Slovak Republic (2005)	5.78	11.1	3.45	6.23	33.95
Slovenia (2005)	2.85	5.47	2.83	7.17	42.53
Turkey (2005)	4.20	5.40	5.62	9.17	35.91

Source: The World Bank (2006), Enterprise Survey,
<http://rru.worldbank.org/EnterpriseSurveys/ExploreEconomies/Default.aspx?economyid=26>

Potential Markets for B&H Exporters

Five different approaches are used to identify the potential markets for B&H exporters. The first approach is based on the assumption that the countries that are already demanding B&H products will continue to do so, at least in the near future. B&H exporters should continue paying attention to these existing markets for their products since keeping or gaining ground in these markets is easier than penetrating new markets. Hence, as part of a low risk strategy, they cannot afford to let these markets slip away from them. Naturally, this approach does not undermine the importance of concentrating in totally new markets for B&H products. In addition to existing export destination, B&H should target countries which import these products most in the world market. The exports of B&H products during the 2003-2004 period are analyzed to identify the products that are exported most and the countries that imported these products most. The results are given in Table 6.

Table 6: Major Exports by B&H and Their Destinations

Product	Target Markets
084 - Aluminum	USA, Germany, Japan, China, Italy, France, Korea Rep., Belgium, Canada, UK, Netherlands, Mexico, Spain, Austria, Poland, Hungary, Switzerland, Turkey, Malaysia, Thailand, Czech Rep.
248 - Wood Simply Worked	USA, Japan, UK, Italy, China, Germany, France, Spain, Netherlands, Canada, Belgium, Denmark, Mexico, Australia, Austria, Egypt, Hong Kong, Norway, Ireland, Thailand,
821 - Furniture/Stuff Furnishing	USA, Germany, UK, France, Japan, Canada, Belgium, Netherlands, Spain, Switzerland, Austria, Italy, Sweden, Australia, Mexico, Norway, Hong Kong, Denmark, Poland, Czech Rep.,
713 - Internal Combust Engines	USA, Germany, Canada, France, UK, Spain, Mexico, Belgium, China, Italy, Hungary, Austria, Turkey, Poland, Japan, Sweden, Korea Rep., Netherlands, Australia, Brazil
351 - Electric Current	Austria, Italy, USA, Germany, France, Canada, Netherlands, UK, Belgium, Hong Kong, Norway, Sweden, Spain, Hungary, Finland, Denmark, Slovakia, Argentina, Portugal, Slovenia
851 - Footwear	USA, Germany, Hong Kong, UK, France, Italy, Japan, Belgium, Spain, Netherlands, Canada, Austria, Switzerland, Australia, Denmark, Korea Rep., Sweden, Greece, China, Portugal
285 - Aluminum Ores/Concs/Etc	China, Russian Fed., Canada, USA, Norway, South Africa, Germany, France, Italy, Netherlands, Egypt, New Zealand, Spain, Bahrain, Argentina, Ukraine, Ireland, Iceland, Japan, Romania
841 - Men's/Boys Wear, Woven	USA, Germany, Japan, UK, France, Italy, Hong Kong, Spain, Belgium, Netherlands, Switzerland, Canada, Korea Rep., Austria, Denmark, Sweden, Australia, Mexico,
211 - Hide/Skin (Ex Fur) Raw	China, Italy, Korea Rep., Turkey, Hong Kong, Japan, Thailand, Mexico, Germany, Spain, Netherlands, Austria, France, UK, USA, Moldova, India, Poland, Slovakia, Belgium
691 - Iron/Stl/Alum Structures	USA, Germany, France, UK, Japan, Switzerland, Austria, Norway, Belgium, Netherlands, Spain, Canada, Italy, Denmark, China, Russian Fed., Hong Kong, Poland, Ireland, Czech Rep.
282 - Ferrous Waste/Scrap	Turkey, Korea Rep., China, Spain, Belgium, Germany, Italy, USA, India, Netherlands, France, Finland, Luxembourg, Malaysia, Mexico, Indonesia, Japan, Greece, Sweden
325 - Coke/Semi-Coke/Retort C	Germany, USA, Japan, India, Brazil, France, Italy, Romania, UK, Belgium, Korea Rep., Serbia and Mtne., Kazakhstan, Sweden, Czech Rep., Canada, Mexico, South Africa, Austria, Finland
288 - Nf Base Metal Waste Nes	China, Germany, USA, Japan, UK, Belgium, Italy, Korea Rep., Canada, Netherlands, France, India, Austria, Spain, Sweden, Luxembourg, Norway, Mexico, Hong Kong, Turkey
784 - Motor Veh Parts/Access	USA, Canada, Germany, Spain, UK, France, Belgium, Mexico, China, Italy, Sweden, Austria, Netherlands, Japan, Turkey, Poland, Czech Rep., Thailand, Slovakia, Korea Rep.
893 - Articles Nes Of Plastics	USA, Germany, Mexico, France, UK, Japan, Canada, Belgium, Hong Kong, Netherlands, China, Italy, Spain, Austria, Switzerland, Czech Rep., Poland, Sweden, Thailand, Australia
699 - Base Metal Manufac Nes	USA, Germany, Mexico, France, UK, Canada, Japan, China, Spain, Italy, Belgium, Poland, Netherlands, Austria, Czech Rep., Thailand, Korea Rep., Sweden, Hong Kong, Hungary
641 - Paper/Paperboard	USA, Germany, UK, France, Italy, China, Spain, Belgium, Netherlands, Canada, Japan, Mexico, Poland, Australia, Hong Kong, Austria, Turkey, Switzerland, Denmark, Malaysia
676 - Iron/Steel Bars/Rods/Etc	USA, Germany, France, Italy, Korea Rep., UK, Canada, Spain, Netherlands, Belgium, China, Mexico, Portugal, Switzerland, Sweden, Hong Kong, Austria, Singapore, Algeria, Iran
671 - Pig Iron Etc Ferro Alloy	USA, Japan, Korea Rep., Germany, Italy, China, Spain, Belgium, France, Netherlands, Finland, Malaysia, Turkey, UK, Mexico, Russian Fed., Canada, Sweden, Poland, Czech Rep.
842 - Women/Girl Clothing Wven	USA, Germany, Japan, UK, France, Hong Kong, Italy, Spain, Belgium, Netherlands, Switzerland, Canada, Austria, Denmark, Korea Rep., Australia, Sweden, Mexico
635 - Wood Manufactures N.E.S.	USA, Germany, Japan, UK, France, Italy, Belgium, Spain, Canada, Switzerland, Netherlands, Austria, Denmark, Norway, Hong Kong, Sweden, Australia, Ireland, Czech Rep., Mexico
322 - Briquettes/Lignite/Peat	USA, France, Netherlands, Italy, UK, Belgium, Austria, Germany, Japan, Spain, Slovenia, Slovakia, Hungary, Sweden, Switzerland, Denmark, Serbia and Mtne.,
634 - Veneer/Plywood/Etc	USA, Japan, UK, Germany, Italy, France, China, Netherlands, Canada, Spain, Belgium, Korea Rep., Mexico, Poland, Denmark, Sweden, Austria, Switzerland, Turkey, Romania
845 - Articles Of Apparel Nes	USA, Germany, Japan, UK, Hong Kong, France, Italy, Spain, Belgium, Netherlands, Canada, Switzerland, Austria, Denmark, Mexico, Sweden, Singapore, Australia, Korea Rep., Norway
693 - Wire Prod Exc Ins Electr	USA, France, Germany, Spain, UK, Belgium, China, Italy, Canada, Austria, Mexico, Netherlands, Japan, Poland, Czech Rep., Denmark, Australia, Hungary, Singapore, Switzerland
891 - Arms And Ammunition	USA, Korea Rep., Canada, Saudi Arabia, Cote Divoire, Australia, Switzerland, Japan, New Zealand, UK, Spain, Turkey, Netherlands, France, Germany, Norway, Finland,
781 - Passenger Cars Etc	USA, Germany, UK, Italy, France, Spain, Belgium, Canada, Netherlands, Japan, Australia, Austria, Mexico, Switzerland, Russian Fed., Sweden, China, Turkey, Greece, Poland
247 - Wood In Rough/Squared	China, Japan, India, Korea Rep., Finland, Austria, Sweden, Italy, Canada, France, Spain, USA, Germany, Turkey, Norway, Belgium, UK, Viet Nam, Portugal, Thailand
743 - Fans/Filters/Gas Pumps	USA, China, Germany, France, Canada, UK, Italy, Mexico, Japan, Spain, Belgium, Korea Rep., Netherlands, Hong Kong, Australia, Poland, Sweden, Austria, Turkey, Singapore
791 - Railway Vehicles/Equipmt	Germany, USA, Canada, Russian Fed., UK, Switzerland, Netherlands, Austria, Kazakhstan, Italy, Belgium, Mexico, Spain, China, Denmark, Greece, France, Czech Rep., Poland, Finland

Source: International Trade Center (2006), ComTrade Data Set, <http://www.intracen.org/tradstat/welcome.htm>

The second approach for identifying the potential export markets for B&H products required examining the import volumes of countries in the world. The ranking of the import volumes of countries in the 2000-2004 periods revealed the countries with most potential demand. Among these markets there are some that B&H products are not exported or exported on a very limited basis. These markets are good candidates to concentrate on with heavy promotion of B&H products with the purpose of establishing market share in the medium to long term. Entering these markets with highest demand is a strategy that B&H exporters can utilize to strengthen their position in the world trade. Table 3 shows the list of these potential markets.

It should be noted that the strategy of entering the markets with highest import volumes can be a challenging one. The incumbent players in these markets with already established relationships or partnerships, difficulties in penetrating the distribution channels etc. are among such challenges. A more fruitful approach for B&H exporters, at least in the short term, might be to target the markets with the fastest growth of import volumes. The ranking of the countries according to their growth rates of import volume in the 2000-2005 periods include several developing countries that can offer many dynamic opportunities for B&H exporters. These countries and their import volume growth rates are provided in Table 7.

Table 7: 40 Fastest Import Growth Countries

Rank	Country	Import Growth (2000-2005 %)	Rank	Country	Import Growth (2000-2005 %)
1	Afghanistan	482	26	Qatar	147
2	Equatorial Guinea	355	27	Kuwait	143
3	Sudan	293	28	Albania	143
4	Georgia	283	29	Czech Republic	140
5	Azerbaijan	259	30	Mauritania	137
6	Kazakhstan	244	31	Viet Nam	136
7	Ethiopia	230	32	Sierra Leone	135
8	Congo	226	33	Croatia	135
9	Serbia and Montenegro	211	34	Pakistan	133
10	Romania	210	35	Niger	133
11	Moldova	198	36	Bosnia and Herzegovina	132
12	China	193	37	Bhutan	128
13	Iran	190	38	Jordan	127
14	Lithuania	183	39	South Africa	124
15	Russian Federation	180	40	United Arab Emirates	120
16	Bulgaria	179	41	Algeria	119
17	Congo	177	42	Senegal	119
18	Zambia	177	43	Turkey	113
19	Slovak Republic	177	44	Mozambique	109
20	Latvia	169	45	Marshall Islands	106
21	Chad	168	46	Guinea-Bissau	103
22	Angola	168	47	Swaziland	100
23	Ukraine	159	48	Tajikistan	97
24	Ecuador	158	49	Iraq	69
25	India	156	50	Bolivarian Rep. of Venezuela	54

Source: International Trade Center (2006), ComTrade Data Set, <http://www.intracen.org/tradstat/welcome.htm>

One recent study that is valuable in identifying potential markets for B&H exports is an International Trade Center working paper by Helmers and Pasteels (2005). They ran trade simulations using the TradeSim software to calculate (by comparing the predicted values to the observed trade numbers) trade potentials of developing countries. Their results for B&H's potential export markets are provided in Table 8. "Untapped trade" and "highly untapped trade" countries (USA, Canada, India, Russia, many European countries) should be targeted by B&H

exporters in the 19 ISIC sectors (such as agricultural and hunting, forestry and fishing products, textiles, clothing and leather, motor vehicles and other transport equipment, precision equipment, etc.) included in the study. In the short run, B&H exporters should try to keep their position in the countries with very strong and strong current trade.

Table 8: Trade Potentials for B&H Exports

Rank	Importer	Current Exports 2002-2003	Share in B&H 's exports of sector, in %	Relative Trade Potential
1	Italy	211,423	0.2	Strong current trade (above predicted)
2	Croatia	189,321	0.179	Very strong current trade
3	Germany	161,045	0.152	Strong current trade (above predicted)
4	Serbia	112,198	0.106	Very strong current trade
5	Slovenia	96,028	0.091	Very strong current trade
6	Switzerland	83,499	0.079	Very strong current trade
7	Austria	41,357	0.039	Strong current trade (above predicted)
8	France	32,712	0.031	High untapped trade potential
9	United States	12,016	0.011	High untapped trade potential
10	Macedonia	9,251	0.009	Very strong current trade
11	Hungary	8,300	0.008	High untapped trade potential
12	Belgium	7,551	0.007	High untapped trade potential
13	Netherlands	7,463	0.007	High untapped trade potential
14	Egypt	7,368	0.007	Very strong current trade
15	Slovakia	6,924	0.007	Predicted = Current or low values
16	Turkey	6,367	0.006	High untapped trade potential
17	Spain	5,932	0.006	High untapped trade potential
18	United Kingdom	5,399	0.005	High untapped trade potential
19	Sweden	4,867	0.005	High untapped trade potential
20	Greece	4,819	0.005	High untapped trade potential
21	Poland	4,620	0.004	High untapped trade potential
22	Czech Republic	4,512	0.004	High untapped trade potential
23	Libyan Arab Jamahiriya	2,719	0.003	Very strong current trade
24	Bulgaria	2,324	0.002	High untapped trade potential
25	India	2,158	0.002	High untapped trade potential
26	Congo	2,126	0.002	Very strong current trade
27	Canada	2,109	0.002	High untapped trade potential
28	Côte d'Ivoire	1,434	0.001	Very strong current trade
29	Russian Federation	1,343	0.001	High untapped trade potential
30	Tunisia	1,303	0.001	Predicted = Current or low values

Source: Christian Helmers and Jean-Michel Pasteels (2005), "TradeSim (third version), a gravity model for the calculation of trade potentials for developing countries and economies in transition", International Trade Center Working Paper

The final approach for identifying the potential export markets for B&H products is based on examining the import volumes at the product level. The products whose imports increased fastest in the 2000-2004 period and the countries that imported these products most are given in Table 9. By concentrating on the production of these products and targeting their destination countries as potential markets, B&H exporters may gain ground in the world trade. Based on the results of the section on the competitiveness of export products, the products B&H exporters have high competitiveness in are not the same products with the highest import volume growth rates in the world. Hence, there is much room for planning and strategy making in this respect.

Table 9: Fast Growing Import Products and Their Major Destinations

SITC Code	Product	2000-2004 % Change	Importers
871	Optical Instruments Nes.	197	China, Japan, USA, Korea Rep., Hong, Kong, Mexico, Germany, Singapore, France, United Kingdom, Spain, Brazil, Slovakia, Canada, Netherlands, Malaysia, Italy
282	Ferrous Waste/Scrap	194	Korea Rep., China, Spain, Belgium, Germany, Italy, USA, India, Netherlands, France, Finland, Luxembourg, Malaysia, Mexico, Indonesia
542	Medicaments Include Vet.	141	Belgium, USA, Germany, United Kingdom, France, Italy, Switzerland, Netherlands, Spain, Canada, Japan, Australia, Russian, Fed., Greece, Poland, Austria
281	Iron Ore/Concentrates	126	China, Japan, Germany, Korea Rep., Russian, Fed., Italy, France, Poland, United Kingdom, Czech Rep., , Netherlands, USA, Belgium, Slovakia, Austria, Canada, Romania
671	Pig Iron Etc Ferro Alloy	118	USA, Japan, Korea Rep., Germany, Italy, China, Spain, Belgium, France, Netherlands, Finland, Malaysia, United Kingdom, Mexico, Russian, Fed., Canada
321	Coal Non-Agglomerated	105	Japan, Korea Rep., United Kingdom, Germany, India, Italy, Spain, Netherlands, France, USA, Brazil, Belgium, China, Canada, Israel, Finland, Denmark
287	Base Metal Ore/Conc. Nes.	104	China, Japan, Belgium, Korea Rep., USA, Netherlands, Germany, Spain, Finland, Italy, Mexico, Canada, United Kingdom, France, Chile, Russia Fed., Brazil, India
763	Sound/Tv Recorders Etc.	101	USA, Hong, Kong, Germany, Japan, United Kingdom, France, Netherlands, Spain, Italy, Canada, China, Singapore, Australia, Belgium, Mexico, Korea Rep., Sweden
351	Electric Current	101	Austria, Italy, USA, Germany, France, Canada, Netherlands, United Kingdom, Belgium, Hong, Kong, Norway, Sweden, Spain, Hungary, Finland, Denmark
422	Fixed Veg. Oils Not Soft	98	China, India, Netherlands, Germany, USA, Pakistan, Malaysia, United Kingdom, Japan, Belgium, France, Italy, Bangladesh, Russia Fed., Egypt, Spain, Singapore
72	Cocoa	91	USA, Netherlands, Germany, France, Belgium, United Kingdom, Canada, Malaysia, Russia Fed., Italy, Japan, Spain, Poland, Switzerland, Australia
283	Copper Ores/Concentrates	85	Japan, China, Korea Rep., Germany, India, Brazil, Spain, Finland, Bulgaria, Philippines, Sweden, Canada, Zimbabwe, Russia Fed., Iran, Namibia, Oman, USA
335	Residual Petrol. Prods	85	Netherlands, USA, Belgium, China, Japan, Korea Rep., Germany, United Kingdom, France, Italy, Spain, Malaysia, India, Mexico, Canada, Australia, Ecuador, Israel
675	Flat Rolled Alloy Steel	82	China, Italy, Germany, France, USA, United Kingdom, Hong, Kong, Netherlands, Mexico, Spain, Korea Rep., Canada, Belgium, Poland, Sweden, Thailand, Japan
761	Television Receivers	81	USA, United Kingdom, Germany, Netherlands, Italy, France, Japan, Hong, Kong, Spain, Canada, Australia, Belgium, Sweden, Singapore, Mexico, Switzerland, Austria
231	Natural Rubber/Latex/Etc.	80	USA, China, Japan, Korea Rep., Malaysia, Germany, France, Spain, Brazil, Italy, Canada, Singapore, United Kingdom, Poland, Mexico, India
343	Natural Gas	79	USA, Germany, Japan, France, Belgium, Korea Rep., Spain, Ukraine, Netherlands, Mexico, Canada, Hungary, Austria, Poland, United Kingdom, Slovakia, Belarus
812	Sanitary/Plumb/Heat Fixt.	78	United Kingdom, Germany, USA, France, Spain, Italy, Netherlands, Canada, Belgium, Poland, Romania, Austria, Switzerland, Greece, Russia Fed., Czech Rep., Ireland, Hungary
672	Primary/Prods Iron/Steel	75	USA, Korea Rep., Italy, China, Belgium, Germany, Thailand, Sweden, France, Indonesia, Spain, Iran, Viet, Nam, United Kingdom, Egypt, Luxembourg, Morocco
541	Pharmaceut. Exc Medicaments	74	Germany, USA, France, Italy, Switzerland, Belgium, United Kingdom, Netherlands, Japan, Spain, Canada, Austria, Brazil, Australia, Mexico, Ireland, Korea Rep., China
676	Iron/Steel Bars/Rods/Etc	73	Germany, USA, France, Italy, Switzerland, Belgium, United Kingdom, Netherlands, Japan, Spain, Canada, Austria, Brazil, Australia, Mexico, Ireland, Korea Rep., China
111	Beverage Non-Alcohol Nes.	72	USA, United Kingdom, Germany, Belgium, France, Netherlands, Hong, Kong, Japan, Canada, Spain, Italy, Ireland, Switzerland, Sweden, Austria, Luxembourg, Singapore, Portugal
421	Fixed Veg. Oil/Fat, Soft	71	Italy, China, USA, India, France, Iran, Germany, Netherlands, Belgium, United Kingdom, Spain, Japan, Mexico, Canada, Algeria, Korea Rep., Portugal, Morocco
793	Ships/Boats/Etc	70	Poland, Greece, USA, Germany, India, Italy, Spain, Denmark, France, Norway, China, Korea Rep., Nigeria, Iran, Canada, Malaysia, Belgium
511	Hydrocarbons/Derivatives	70	China, Belgium, Germany, USA, Netherlands, Korea Rep., Mexico, France, Indonesia, India, Spain, United Kingdom, Japan, Malaysia, Canada, Italy, Singapore

872	Medical/Etc Instruments	69	USA, Germany, Japan, United Kingdom, Netherlands, France, Belgium, Italy, Canada, Spain, Mexico, China, Australia, Hong, Kong, Switzerland, Singapore, Sweden, Korea, Rep.
683	Nickel	68	USA, Germany, China, Japan, Netherlands, Korea Rep., Italy, United Kingdom, Belgium, France, Sweden, Spain, Hong, Kong, Finland, India, South, Africa, Brazil, Austria, Singapore
551	Essent.Oil/Perfume/Flavr.	68	USA, France, United Kingdom, Italy, Germany, Spain, Japan, Mexico, Canada, Netherlands, Belgium, Poland, Switzerland, Ireland, Russia Fed., China, Indonesia, Thailand
512	Alcohols/Phenols/Derivs	66	China, USA, Korea Rep., Germany, Japan, Netherlands, Italy, Belgium, France, United Kingdom, Singapore, Thailand, India, Spain, Canada, Mexico, Indonesia, Brazil
791	Railway Vehicles/Equipmt.	65	Germany, USA, Canada, Russia Fed., United Kingdom, Switzerland, Netherlands, Austria, Kazakhstan, Italy, Belgium, Mexico, Spain, China, Denmark, Greece, France, Czech Rep.
722	Tractors	63	USA, France, Canada, Spain, United Kingdom, Australia, Italy, Germany, Belgium, Netherlands, Denmark, Norway, South, Africa, Poland, Austria, Japan, Portugal, Sweden
553	Perfume/Toilet/Cosmetics	62	USA, United Kingdom, Germany, France, Japan, Spain, Italy, Canada, Netherlands, Belgium, Russia Fed., Hong, Kong, Singapore, Switzerland, Ireland, Australia, Mexico, Austria
723	Civil Engineering Plant	62	USA, Canada, France, China, United Kingdom, Germany, Singapore, Italy, Spain, Netherlands, Belgium, Australia, Mexico, Austria, Indonesia, Russia Fed., India, South, Africa
48	Cereal Etc Flour/Starch	62	USA, France, United Kingdom, Germany, Belgium, Canada, Netherlands, Japan, Italy, Spain, Mexico, Austria, Ireland, Sweden, Denmark, Switzerland, Portugal, Norway
73	Chocolate/Cocoa Preps.	62	France, USA, Germany, United Kingdom, Netherlands, Canada, Belgium, Japan, Italy, Spain, Austria, Russia Fed., Sweden, Denmark, Mexico, Ireland, Portugal, Czech Rep.,
222	Oil Seeds Etc - Soft Oil	62	China, Japan, Netherlands, Germany, Mexico, Spain, Italy, Korea Rep., Belgium, Thailand, Indonesia, United Kingdom, Portugal, USA, Canada, Malaysia, France
679	Iron/Steel Pipe/Tube/Etc	62	USA, Germany, China, France, Canada, United Kingdom, Italy, Spain, Norway, Netherlands, Belgium, Russia Fed., Malaysia, Singapore, Mexico, Korea Rep., Australia, Poland, Sweden
673	Flat Rolled Iron/St Prod	61	China, USA, Korea Rep., Italy, Germany, France, Spain, Belgium, Canada, Japan, Thailand, United Kingdom, Netherlands, Poland, India, Mexico, Malaysia
899	Misc. Manuf. Articles Nes.	61	USA, Germany, France, Japan, United Kingdom, Netherlands, Italy, Hong, Kong, Ireland, Spain, Switzerland, Canada, Belgium, China, Australia, Sweden, Korea Rep., Austria
513	Carboxylic Acid Compound	59	China, USA, Belgium, Germany, Italy, France, United Kingdom, Netherlands, Japan, Spain, Mexico, Canada, Korea Rep., Ireland, Switzerland, India, Brazil
721	Agric Machine Ex Tractor	58	USA, France, Germany, Canada, United Kingdom, Belgium, Spain, Australia, Russia Fed., Netherlands, Denmark, Italy, Sweden, Austria, Mexico, Argentina, Poland, Japan, Ireland, Switzerland,
971	Gold Non-Monetary Ex Ore	58	India, USA, Korea Rep., Italy, Untd. Arab. Em., Hong, Kong, Australia, Canada, Malaysia, Japan, Germany, Thailand, Singapore, Spain, Pakistan, Saudi, Arabia, France, Switzerland, Mexico,
24	Cheese And Curd	56	Germany, United Kingdom, Italy, USA, Belgium, France, Spain, Japan, Netherlands, Russia Fed., Greece, Austria, Sweden, Saudi, Arabia, Switzerland, Mexico, Denmark, Australia, Canada

Source: WTO (2004), Prepared from ComTrade Data Set, <http://www.intracen.org/tradstat/welcome.htm>

Potential Products for B&H Exporters

In order for B&H exporters achieve long term success in the world trade arena, it is crucial that they plan ahead utilizing carefully designed programs by the public sector, the private sector and the research institutions. The competitiveness of the B&H export products can be improved by analyzing the potential success of each product/product group in foreign markets and then concentrating on promoting these products/products groups by using the resources of the country efficiently and effectively.

With the purpose to help B&H exporters determine their directions in foreign markets, the products/product groups that have the highest potential for export success are identified. In this approach, most imported products as well as the products/product groups whose imports increased the fastest in the 2000-2004 period are examined. The results are provided in Table 10 and Table 9, respectively. Although this approach can be criticized because the products with the highest import volume or the fastest import growth in world markets are not necessarily the products that are suitable for B&H exporters to specialize in, it is still possible to identify those products/product groups that present good opportunities to create or increase market shares in world exports given B&H's resource strengths.

Table 10: Most Imported Products in the World

Rank	SITC Code	Product	2000-2004 % Change	Rank	SITC Code	Product	2000-2004 % Change
1	333	Petrol./Bitum. Oil,Crude	42	23	893	Articles Nes Of Plastics	40
2	781	Passenger Cars Etc	44	24	667	Pearls/Precious Stones	21
3	776	Valves/Transistors/Etc	20	25	699	Base Metal Manufac Nes	37
4	764	Telecomms Equipment Nes	25	26	851	Footwear	25
5	752	Computer Equipment	21	27	684	Aluminium	33
6	931	Special Transactions Nes	16	28	842	Women/Girl Clothing Wven	34
7	784	Motor Veh Parts/Access	43	29	743	Fans/Filters/Gas Pumps	47
8	334	Heavy Petrol/Bitum Oils	42	30	714	Engines Non-Electric Nes	12
9	759	Office Equip Parts/Accs.	13	31	773	Electrical Distrib Equip	21
10	542	Medicaments Include Vet	141	32	741	Indust Heat/Cool Equipmt	42
11	778	Electrical Equipment Nes	27	33	541	Pharmaceut Exc Medicamnt	74
12	772	Electric Circuit Equipmt	26	34	598	Misc Chemical Prods Nes	43
13	792	Aircraft/Spacecraft/Etc	18	35	775	Domestic Equipment	52
14	343	Natural Gas	79	36	841	Mens/Boys Wear, Woven	14
15	874	Measure/Control App Nes	35	37	575	Plastic Nes-Primary Form	54
16	713	Internal Combust Engines	38	38	763	Sound/Tv Recorders Etc	101
17	845	Articles Of Apparel Nes	31	39	582	Plastic Sheets/Film/Etc	44
18	641	Paper/Paperboard	24	40	771	Elect Power Transm Equip	11
19	821	Furniture/Stuff Furnishg	50	41	57	Fruit/Nuts, Fresh/Dried	45
20	728	Special Indust Machn Nes	26	42	898	Musical Instrums/Records	31
21	782	Goods/Service Vehicles	34	43	716	Rotating Electr Plant	30
22	515	Organo-Inorganic Compnds	42	44	673	Flat Rolled Iron/St Prod	61

Source: WTO (2005), Prepared from ComTrade Data Set

Another approach to guide B&H exporters in their efforts to improve their performance in foreign markets is to examine the import volumes of countries on a product basis. Ten countries with the highest total imports are examined to identify the products they import most as well as the products with the highest growth rate of imports (Table 11). A viable strategy for the B&H exporters to establish themselves in these markets is to identify the products these markets demand most, or to identify those products whose demand in these markets grow the fastest, and concentrate their resources and efforts to produce and export these products. Similarly, it is also possible to identify the products/product groups whose import volumes are decreased the most between 2000 and 2004. This information can signal the businesses interested in improving their export competitiveness and performance the sectors they should pull out or avoid.

Table 11: Top 5 Importers with Potential Products

USA					
Product	Total Import	Import Growth	Product	Total Import	Import Growth
283 - Copper Ores/Concentrates	216,006	3298.0	781 - Passenger Cars Etc	575,995,120	11.8
551 - Essent.Oil/Perfume/Flavr	4,853,766	380.0	333 - Petrol./Bitum. Oil,Crude	505,985,872	52.4
325 - Coke/Semi-Coke/Retort C	2,447,733	323.3	752 - Computer Equipment	270,337,024	6.5
023 - Butter And Cheese	411,730	275.2	931 - Special Transactions Nes	245,985,296	3.3
047 - Cereal Meal/Flour N.E.S	237,609	216.6	764 - Telecomms Equipment Nes	214,367,856	14.0
282 - Ferrous Waste/Scrap	2,962,987	213.7	776 - Valves/Transistors/Etc	161,820,992	-43.9
245 - Fuel Wood/Wood Charcoal	92,376	184.5	784 - Motor Veh Parts/Access	160,311,600	33.9
542 - Medicaments Include Vet	92,448,570	170.0	334 - Heavy Petrol/Bitum Oils	144,392,048	45.2
321 - Coal Non-Agglomerated	3,967,633	168.3	759 - Office Equip Parts/Accs.	141,906,640	-10.8
091 - Margarine/Shortening	134,968	156.4	821 - Furniture/Stuff Furnishg	121,633,728	49.0
269 - Worn Clothing Etc	213,823	141.7	894 - Baby Carr/Toy/Game/Sport	114,463,664	12.8
761 - Television Receivers	54,247,747	123.6	845 - Articles Of Apparel Nes	113,865,952	15.0
883 - Cine Fild Developed	1,068,865	123.4	515 - Organo-Inorganic Compnds	96,549,072	23.8
267 - Man-Made Fibres Nes/Wast	265,753	121.8	542 - Medicaments Include Vet	92,448,570	170.0
343 - Natural Gas	84,403,796	112.0	792 - Aircraft/Spacecraft/Etc	91,125,277	-9.3
674 - Rolled Plated M-Steel	7,643,216	110.1	343 - Natural Gas	84,403,796	112.0
634 - Veneer/Plywood/Etc	24,296,922	106.3	782 - Goods/Service Vehicles	84,215,522	13.7
342 - Liquid Propane/Butane	10,320,766	100.8	851 - Footwear	81,647,205	11.1
872 - Medical/Etc Instruments	34,703,434	97.0	842 - Women/Girl Clothing Wven	80,542,650	15.9
671 - Pig Iron Etc Ferro Alloy	11,520,288	93.4	713 - Internal Combust Engines	80,038,822	16.8
016 - Meat/Offal Preserved	755,841	93.0	772 - Electric Circuit Equipmt	68,219,103	-3.1
812 - Sanitary/Plumb/Heat Fixt	3,640,008	91.9	667 - Pearls/Precious Stones	67,536,188	18.5
274 - Sulphur/Unroastd Pyrites	319,181	85.2	874 - Measure/Control App Nes	66,457,331	20.8

Germany					
Product	Total Import	Import Growth	Product	Total Import	Import Growth
883 - Cine Fild Developed	27,799	342.2	931 - Special Transactions Nes	218,074,204	16.1
325 - Coke/Semi-Coke/Retort C	3,816,108	273.3	781 - Passenger Cars Etc	142,198,384	70.1
542 - Medicaments Include Vet	56,132,032	246.3	333 - Petrol./Bitum. Oil,Crude	113,537,952	41.0
283 - Copper Ores/Concentrates	2,672,659	229.2	752 - Computer Equipment	88,025,442	20.7
091 - Margarine/Shortening	361,793	223.5	776 - Valves/Transistors/Etc	70,350,646	23.8
282 - Ferrous Waste/Scrap	3,843,682	192.7	784 - Motor Veh Parts/Access	70,306,839	90.9
677 - Iron/Steel Railway Matl	694,551	177.0	792 - Aircraft/Spacecraft/Etc	68,221,984	39.2
718 - Power Generating Equ Nes	4,268,417	172.9	764 - Telecomms Equipment Nes	66,983,400	69.8
046 - Flour/M meal Wheat/Meslin	124,519	156.1	343 - Natural Gas	65,517,157	108.2
047 - Cereal Meal/Flour N.E.S	75,993	151.1	542 - Medicaments Include Vet	56,132,032	246.3
321 - Coal Non-Agglomerated	6,420,655	148.8	759 - Office Equip Parts/Accs.	54,035,042	33.4
421 - Fixed Veg Oil/Fat, Soft	1,989,823	144.7	778 - Electrical Equipment Nes	47,896,278	33.1
274 - Sulphur/Unroastd Pyrites	34,807	139.0	713 - Internal Combust Engines	45,415,981	70.1
763 - Sound/Tv Recorders Etc	13,211,995	138.2	334 - Heavy Petrol/Bitum Oils	44,548,948	9.4
351 - Electric Current	3,845,183	133.8	641 - Paper/Paperboard	37,109,512	52.0
541 - Pharmaceut Exc Medicamnt	27,737,569	131.2	821 - Furniture/Stuff Furnishg	36,844,570	43.3
671 - Pig Iron Etc Ferro Alloy	5,609,499	129.8	772 - Electric Circuit Equipmt	34,710,551	49.2
022 - Milk Pr Exc Buttr/Cheese	5,082,006	126.4	845 - Articles Of Apparel Nes	34,672,044	25.1
061 - Sugar/Mollasses/Honey	3,671,616	121.5	874 - Measure/Control App Nes	32,085,384	46.2
711 - Steam Generating Boilers	337,368	110.2	714 - Engines Non-Electric Nes	30,470,578	5.9
791 - Railway Vehicles/Equipmt	4,204,236	109.2	684 - Aluminium	29,648,824	42.0
343 - Natural Gas	65,517,157	108.2	515 - Organo-Inorganic Compnds	28,428,055	6.0
525 - Radio-Active Etc Matrial	2,297,258	107.9	541 - Pharmaceut Exc Medicamnt	27,737,569	131.2
044 - Maize Except Sweet Corn.	1,187,085	105.3	842 - Women/Girl Clothing Wven	26,424,579	27.2
579 - Plastic Waste/Scrap	160,822	104.3	699 - Base Metal Manufac Nes	25,841,673	62.9

China

Product	Total Import	Import Growth	Product	Total Import	Import Growth
263 - Cotton	4,913,685	2263.1	776 - Valves/Transistors/Etc	206,913,072	251.9
871 - Optical Instruments Nes	43,541,109	2217.0	333 - Petrol./Bitum. Oil,Crude	92,973,308	128.2
322 - Briquettes/Lignite/Peat	26,417	2174.5	764 - Telecomms Equipment Nes	80,967,894	89.6
289 - Precious Metal Ore/Conc.	20,461	2087.2	759 - Office Equip Parts/Accs.	50,857,973	149.4
677 - Iron/Steel Railway Matl	154,416	1585.2	728 - Special Indust Machn Nes	46,611,206	160.9
763 - Sound/Tv Recorders Etc	2,407,742	1317.3	772 - Electric Circuit Equipmt	45,529,685	175.5
321 - Coal Non-Agglomerated	1,739,764	1200.0	871 - Optical Instruments Nes	43,541,109	2217.0
671 - Pig Iron Etc Ferro Alloy	2,290,992	1140.3	752 - Computer Equipment	42,097,974	220.1
041 - Wheat/Meslin	2,088,380	1013.1	874 - Measure/Control App Nes	26,833,404	196.9
264 - Jute/Bast Fibre Raw/Retd	33,718	989.3	334 - Heavy Petrol/Bitum Oils	26,303,495	152.6
421 - Fixed Veg Oil/Fat, Soft	3,617,380	951.3	682 - Copper	24,762,543	120.7
246 - Wood Chips/Waste	93,564	771.2	673 - Flat Rolled Iron/St Prod	24,744,408	115.4
223 - Oil Seeds-Not Soft Oil	43,595	585.9	281 - Iron Ore/Concentrates	24,684,867	583.6
284 - Nickel Ores/Concs/Etc	233,551	584.2	222 - Oil Seeds Etc - Soft Oil	21,482,277	144.6
281 - Iron Ore/Concentrates	24,684,867	583.6	784 - Motor Veh Parts/Access	21,290,848	245.0
683 - Nickel	2,801,643	578.2	675 - Flat Rolled Alloy Steel	20,233,215	195.4
781 - Passenger Cars Etc	13,682,356	504.3	792 - Aircraft/Spacecraft/Etc	20,214,091	129.9
685 - Lead	189,183	489.5	724 - Textile/Leather Machinry	19,280,322	115.8
024 - Cheese And Curd	45,016	452.4	513 - Carboxylic Acid Compound	19,071,935	192.7
023 - Butter And Cheese	54,719	413.3	575 - Plastic Nes-Primary Form	18,762,502	140.6
287 - Base Metal Ore/Conc Nes	5,081,730	394.6	251 - Pulp And Waste Paper	17,498,954	97.7
058 - Fruit Presvd/Fruit Preps	121,398	393.0	641 - Paper/Paperboard	17,468,360	16.8

France

Product	Total Import	Import Growth	Product	Total Import	Import Growth
286 - Uranium/Thorium Ore/Conc	755	3625.0	781 - Passenger Cars Etc	35,349,683	53.4
345 - Coal Gas/Water Gas/Etc	1,152	3034.4	333 - Petrol./Bitum. Oil,Crude	33,043,622	38.8
351 - Electric Current	2,245,968	248.4	752 - Computer Equipment	32,624,884	24.5
325 - Coke/Semi-Coke/Retort C	1,002,063	199.7	784 - Motor Veh Parts/Access	30,365,293	84.9
282 - Ferrous Waste/Scrap	2,413,130	159.3	542 - Medicaments Include Vet	25,805,854	112.1
677 - Iron/Steel Railway Matl	184,868	150.0	792 - Aircraft/Spacecraft/Etc	25,120,889	45.3
044 - Maize Except Sweet Corn.	640,444	141.6	764 - Telecomms Equipment Nes	24,830,831	13.9
344 - Petrol./Hydrocarbon Gas	149,940	135.6	334 - Heavy Petrol/Bitum Oils	24,361,681	65.3
091 - Margarine/Shortening	799,105	134.9	776 - Valves/Transistors/Etc	23,144,643	-28.3
899 - Misc Manuf Articles Nes	9,020,396	133.4	343 - Natural Gas	22,979,338	85.6
793 - Ships/Boats/Etc	5,183,698	132.2	759 - Office Equip Parts/Accs.	22,180,409	-7.7
763 - Sound/Tv Recorders Etc	8,742,035	119.7	641 - Paper/Paperboard	20,780,427	28.4
245 - Fuel Wood/Wood Charcoal	80,235	113.2	845 - Articles Of Apparel Nes	20,113,581	52.6
542 - Medicaments Include Vet	38,369,062	112.1	778 - Electrical Equipment Nes	19,559,630	28.6
685 - Lead	404,065	106.7	515 - Organo-Inorganic Compnds	19,534,022	21.9
072 - Cocoa	3,088,771	104.3	714 - Engines Non-Electric Nes	18,426,257	-15.4
593 - Explosives/Pyrotechnics	247,661	100.8	821 - Furniture/Stuff Furnishg	17,580,272	66.4
718 - Power Generating Equ Nes	3,334,437	98.6	782 - Goods/Service Vehicles	17,287,758	70.1
411 - Animal Oil/Fat	299,812	90.6	713 - Internal Combust Engines	17,266,451	55.8
871 - Optical Instruments Nes	1,724,550	90.0	893 - Articles Nes Of Plastics	15,074,192	51.5
045 - Cereal Grains Nes	81,750	87.4	874 - Measure/Control App Nes	14,289,621	51.6
891 - Arms And Ammunition	465,089	86.8	541 - Pharmaceut Exc Medicamnt	13,764,424	85.6
246 - Wood Chips/Waste	152,691	85.9	851 - Footwear	13,376,349	58.7

England

Product	Total Import	Import Growth	Product	Total Import	Import Growth
325 - Coke/Semi-Coke/Retort C	482,467	576.5	764 - Telecomms Equipment Nes	66,530,705	5.1
343 - Natural Gas	2,332,153	430.0	784 - Motor Veh Parts/Access	56,886,328	50.2
335 - Residual Petrol. Prods	1,703,397	232.9	333 - Petrol./Bitum. Oil, Crude	47,533,733	104.4
675 - Flat Rolled Alloy Steel	4,096,661	212.6	542 - Medicaments Include Vet	47,080,171	130.7
223 - Oil Seeds-Not Soft Oil	141,470	196.4	759 - Office Equip Parts/Accs.	45,999,238	-28.5
883 - Cine Fild Developed	58,594	170.7	776 - Valves/Transistors/Etc	43,176,865	-30.8
677 - Iron/Steel Railway Matl	388,983	156.4	714 - Engines Non-Electric Nes	32,741,440	23.1
025 - Eggs, Albumin	522,018	150.8	667 - Pearls/Precious Stones	29,318,949	3.3
812 - Sanitary/Plumb/Heat Fixt	4,347,704	146.6	641 - Paper/Paperboard	29,055,460	36.4
122 - Tobacco, Manufactured	1,508,109	144.3	334 - Heavy Petrol/Bitum Oils	28,507,836	78.3
321 - Coal Non-Agglomerated	7,934,449	140.8	874 - Measure/Control App Nes	26,950,171	19.4
525 - Radio-Active Etc Matrial	2,150,145	137.0	845 - Articles Of Apparel Nes	26,292,357	69.4
542 - Medicaments Include Vet	47,080,171	130.7	778 - Electrical Equipment Nes	25,714,125	8.7
011 - Beef, Fresh/Chilld/Frozn	3,758,447	126.0	821 - Furniture/Stuff Furnishg	24,888,604	106.8
872 - Medical/Etc Instruments	10,299,488	125.6	515 - Organo-Inorganic Compnds	22,591,495	124.0
515 - Organo-Inorganic Compnds	22,591,495	124.0	112 - Alcoholic Beverages	22,018,094	55.3
612 - Leather Manufactures	537,166	114.9	842 - Women/Girl Clothing Wven	19,954,031	68.8
763 - Sound/Tv Recorders Etc	12,142,210	113.7	894 - Baby Carr/Toy/Game/Sport	19,713,687	39.2
811 - Prefabricated Buildings	440,217	113.2	851 - Footwear	18,508,019	48.7
722 - Tractors	1,918,901	112.1	782 - Goods/Service Vehicles	18,394,890	45.1
761 - Television Receivers	10,680,537	109.4	772 - Electric Circuit Equipmt	18,257,258	-8.5

Source: WTO (2005), Prepared from ComTrade Data Set

Another very helpful tool to guide B&H exporters comes from the above mentioned International Trade Center working paper by Helmers and Pasteels (2005) where they identified the sectors with “untapped trade potential” and “highly untapped trade potential” along with their respective markets based on 2002 and 2003 trade figures. These results are provided in Table 12.

Table 12: Relative Trade Potential: Country-Sector Pairs

Rank	Importer	Sector	Current Exports 2002-2003	Relative Trade Potential
1	Italy	Chemicals and chemical products	2,739	Untapped trade potential
1	Italy	Forestry and Fishing (products)	2,677	Untapped trade potential
3	Germany	Wood and wood products	8,641	Untapped trade potential
3	Germany	Electrical and electronic equipment	2,104	Untapped trade potential
6	Switzerland	Textiles, clothing and leather	1,658	Untapped trade potential
7	Austria	Metal and metal products	4,817	Untapped trade potential
7	Austria	Textiles, clothing and leather	3,430	Untapped trade potential
8	France	Metal and metal products	7,148	Untapped trade potential
8	France	Electrical and electronic equipment	410	Untapped trade potential
9	USA	Food, beverages and tobacco	1,924	Untapped trade potential
9	USA	Precision instruments	44	Untapped trade potential
11	Hungary	Machinery and equipment	280	Untapped trade potential
11	Hungary	Electrical and electronic equipment	25	Untapped trade potential
12	Belgium	Motor vehicles and other transport equipment	203	Untapped trade potential
12	Belgium	Chemicals and chemical products	121	Untapped trade potential
13	Netherlands	Electrical and electronic equipment	458	Untapped trade potential
13	Netherlands	Motor vehicles and other transport equipment	36	Untapped trade potential
13	Netherlands	Agriculture and hunting	21	Untapped trade potential
15	Slovakia	Textiles, clothing and leather	381	Untapped trade potential
15	Slovakia	Metal and metal products	191	Untapped trade potential
16	Turkey	Motor vehicles and other transport equipment	196	Untapped trade potential
17	Spain	Machinery and equipment	443	Untapped trade potential
17	Spain	Chemicals and chemical products	70	Untapped trade potential

17	Spain	Electrical and electronic equipment	14	Untapped trade potential
18	UK	Machinery and equipment	848	Untapped trade potential
18	UK	Electrical and electronic equipment	260	Untapped trade potential
19	Sweden	Textiles, clothing and leather	1,484	Untapped trade potential
19	Sweden	Motor vehicles and other transport equipment	109	Untapped trade potential
20	Greece	Machinery and equipment	142	Untapped trade potential
20	Greece	Motor vehicles and other transport equipment	57	Untapped trade potential
21	Poland	Food, beverages and tobacco	68	Untapped trade potential
21	Poland	Motor vehicles and other transport equipment	56	Untapped trade potential
22	Czech Rep.	Wood and wood products	441	Untapped trade potential
22	Czech Rep.	Textiles, clothing and leather	220	Untapped trade potential
22	Czech Rep.	Other manufacturing	194	Untapped trade potential
24	Bulgaria	Metal and metal products	39	Untapped trade potential
24	Bulgaria	Wood and wood products	32	Untapped trade potential
24	Bulgaria	Textiles, clothing and leather	8	Untapped trade potential
25	India	Metal and metal products	184	Untapped trade potential
27	Canada	Metal and metal products	109	Untapped trade potential
27	Canada	Wood and wood products	11	Untapped trade potential
29	Russian Fed.	Textiles, clothing and leather	96	Untapped trade potential
29	Russian Fed.	Metal and metal products	58	Untapped trade potential
29	Russian Fed.	Food, beverages and tobacco	17	Untapped trade potential
1	Italy	Motor vehicles and other transport equipment	1,033	High untapped trade potential
3	Germany	Metal and metal products	15,007	High untapped trade potential
3	Germany	Food, beverages and tobacco	2,114	High untapped trade potential
6	Switzerland	Other manufacturing	126	High untapped trade potential
8	France	Textiles, clothing and leather	5,272	High untapped trade potential
8	France	Machinery and equipment	868	High untapped trade potential
8	France	Wood and wood products	644	High untapped trade potential
9	USA	Other manufacturing	4,894	High untapped trade potential
9	USA	Textiles, clothing and leather	2,134	High untapped trade potential
9	USA	Machinery and equipment	1,349	High untapped trade potential
9	USA	Metal and metal products	689	High untapped trade potential
9	USA	Motor vehicles and other transport equipment	239	High untapped trade potential
9	USA	Wood and wood products	115	High untapped trade potential
9	USA	Chemicals and chemical products	94	High untapped trade potential
9	USA	Electrical and electronic equipment	64	High untapped trade potential
11	Hungary	Textiles, clothing and leather	640	High untapped trade potential
11	Hungary	Metal and metal products	428	High untapped trade potential
11	Hungary	Wood and wood products	178	High untapped trade potential
12	Belgium	Wood and wood products	579	High untapped trade potential
12	Belgium	Metal and metal products	341	High untapped trade potential
12	Belgium	Other manufacturing	83	High untapped trade potential
13	Netherlands	Metal and metal products	2,959	High untapped trade potential
13	Netherlands	Wood and wood products	958	High untapped trade potential
13	Netherlands	Food, beverages and tobacco	404	High untapped trade potential
13	Netherlands	Textiles, clothing and leather	132	High untapped trade potential
16	Turkey	Textiles, clothing and leather	82	High untapped trade potential
16	Turkey	Wood and wood products	50	High untapped trade potential
16	Turkey	Metal and metal products	36	High untapped trade potential
17	Spain	Metal and metal products	2,436	High untapped trade potential
17	Spain	Wood and wood products	1,667	High untapped trade potential
17	Spain	Food, beverages and tobacco	229	High untapped trade potential
17	Spain	Textiles, clothing and leather	215	High untapped trade potential
17	Spain	Other manufacturing	81	High untapped trade potential
17	Spain	Motor vehicles and other transport equipment	18	High untapped trade potential
18	UK	Other manufacturing	1,579	High untapped trade potential
18	UK	Wood and wood products	766	High untapped trade potential
18	UK	Metal and metal products	470	High untapped trade potential
18	UK	Textiles, clothing and leather	324	High untapped trade potential
18	UK	Food, beverages and tobacco	140	High untapped trade potential
18	UK	Motor vehicles and other transport equipment	100	High untapped trade potential
19	Sweden	Metal and metal products	23	High untapped trade potential

20	Greece	Wood and wood products	520	High untapped trade potential
20	Greece	Food, beverages and tobacco	67	High untapped trade potential
20	Greece	Textiles, clothing and leather	13	High untapped trade potential
21	Poland	Wood and wood products	346	High untapped trade potential
21	Poland	Metal and metal products	61	High untapped trade potential
21	Poland	Textiles, clothing and leather	48	High untapped trade potential
22	Czech Republic	Metal and metal products	1,177	High untapped trade potential

Source: Christian Helmers and Jean-Michel Pasteels (2005), "TradeSim (third version), a gravity model for the calculation of trade potentials for developing countries and economies in transition", International Trade Center Working Paper

CONCLUSION

The purpose of this study is to provide B&H exporters a starting point in evaluating their product and market selection strategies. Long term sustainable success in the ever changing global economy requires a close and continuous scanning of the trends in the environment. The trends in the export volumes of various products/product groups and their destination countries include important clues for B&H exporters in terms of shaping their future strategies aimed at sustaining or improving their competitiveness in foreign markets. Same information is also crucial for the B&H government in designing a successful industrial development program as well as an export incentives scheme. For example, based on the analyses in the previous sections, there is major trade potential between B&H other European countries in a variety of industries (wood and wood products, motor vehicles, textiles etc.). An industrial program that fosters the development of any of these industries given the resources of B&H and carefully designed export incentives would benefit the individual exporter firms and the country in general.

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