

Price hikes in BiH reflect global trends

The Office of the High Representative and EU Special Representative, the World Bank and the IMF concluded that the recent hikes in food prices in Bosnia and Herzegovina are primarily a result of price increases on the world markets – especially for wheat, maize and edible oils – and not of stockpiling.

International food prices have risen over the course of this year as a result of surging demand in fast-growing developing countries, a growing use of cereals in bio-fuel production and bad harvests caused by drought in the summer of 2007. Transportation costs have also sharply increased as a consequence of higher fuel prices.

These developments have had a direct impact on Bosnia and Herzegovina since it is heavily dependent on imports of basic foodstuffs and fuel. Seasonal price increases – such as in electricity, where the change from the cheaper summer tariff to the more expensive winter tariff occurs in October – have further contributed to these rises.

“It is important to explain the underlying reasons for these price rises: they are primarily the result of higher prices on world markets. Equally, Bosnia and Herzegovina has an open economy, which ultimately protects BiH citizens against price increases above those on world markets,” the OHR/EUSR, the World Bank and the IMF said. “Price rises, which have been dramatic for some products, are not above those on the world market.”

The negative effects of price rises, in particular on the most vulnerable citizens of Bosnia and Herzegovina, highlight once again the need for a serious review of the current social transfer system to include well-targeted and sufficient support for the poorest members of society.