



# Fresh Vegetables Market Information

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## AgBiz Fresh Vegetables Accomplishments

The agricultural sector in Macedonia represents a significant source of national income, employs a large portion of the population and has been identified as one of the strategic and high potential sectors. The 2007 Macedonian GDP is estimated to have been 338,013 million MKD out of which 10.3% or 34,659 million MKD was derived from the agricultural sector.

The fresh vegetables value chain plays a very significant role in Macedonian agribusiness, and has huge export potential. Fresh vegetables currently represent an important part of the agricultural exports, especially for regional trade. Based on the importance of the fresh vegetables value chain, USAID's AgBiz Program has for more than two years assisted Macedonian fresh vegetables producers and marketers to increase their market share in existing markets and enter new regional and world markets through adding value of their produces. To date, AgBiz has provided direct support to 26 fresh vegetable exporters. These companies have participated in a range of activities for enhancing their competitiveness such as: a study tour to the Fruit Logistica Trade Fair in Germany in 2008 and exhibiting at the same Fair in 2009; post-harvest handling training and one-on-one technical assistance by an international expert; group GlobalGAP certification; four Macedonian fresh produce exporters exhibiting at the Moscow World Food Trade Show; and providing grants to three companies to expand their export-focused business operations.

Tomato Harvesting Inside the Greenhouse of an AgBiz Customer



## A message from Vladimir Kokarev, Fresh Fruits and Vegetables Value Chain and Food Safety Standards Coordinator

Dear Colleagues and Partners,



Vladimir Kokarev

Macedonian agriculture is and will continue to be one of the main generators of employment and revenue for the economy. This sector is a vital source of income for more than 19% of Macedonian citizens. If seasonal workers are included, this number would be much larger. For almost three years AgBiz has supported agribusinesses producing and marketing fresh vegetables - especially tomatoes, peppers, cabbage, cucumbers, melons and watermelons - which have a greater export potential than most other fresh vegetables.

Out of all food and food product exports from Macedonia around \$254 million, or 20.6%, is accounted for by the above six commodities. In the past decade, the total value of exports for these six products increased from \$16.2 to \$52.2 million, with the largest growth being from tomatoes and cabbage. Export markets for these products are traditionally ex- Yugoslav countries, but this has started to change. EU and Russian markets are starting to become good options for Macedonian fresh produce exporters. AgBiz is helping exporters to accelerate their market penetration, and make this new business sustainable.

To identify AgBiz activities that will help Macedonian fresh vegetable exporters become more competitive, we needed to first understand the export potential of the fresh vegetables value chain. Therefore, AgBiz developed a "Profile of the Fresh Vegetables Value Chain", and then started to search for the most viable markets for Macedonian fresh vegetable exports. Considering the scarcity of regional market information available to Macedonian fresh produce exporters, AgBiz started disseminating monthly Regional Market Information through the "Moja Zemlja" magazine published by the Federation of Farmers of Republic of Macedonia, and

developed a Croatian Fresh Produce Market Survey. Training in the Requirements for International Food Standards is a recent example of the technical assistance that AgBiz provides to help our customers better understand the opportunities for adding value to their fresh products. Currently, AgBiz is focused on supporting the development of modern packing centers, increasing the shelf life and quality of fresh products, adopting the food safety standards required by EU markets, as well as continuing to provide regular monthly market information for fresh produce producers and marketers.

I'm pleased to introduce this publication as the third issue of the AgBiz Market Information Newsletter, this time focusing on fresh vegetables, and presenting market information generated through a range of AgBiz supported activities. I wish you pleasant reading and encourage you to contact us for any additional information!

## Modest Investments in Post Harvest Handling Can Make Huge Differences in EU Market Competitiveness

For more than two years AgBiz has been helping Macedonian fresh produce companies to improve their post harvest technology, including product handling, grading, packaging and food safety. Improvements in postharvest care are necessary for Macedonian fruit and vegetable producers and marketers to be fully competitive in export markets.

Investments and improved practices are needed in fresh produce production and postharvest handling to enhance the competitiveness of the entire value chain. Modern and efficient packinghouse facilities, rapid cooling and proper cold storage infrastructure is still limited in Macedonia. Therefore, additional temperature and humidity controlled storage capacity is needed to supply the export market with adequate volumes of high quality fresh products over an extended marketing period.

### Key Recommendations for Improving Post Harvest Handling - by Dr. David Picha

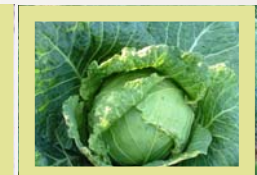
To help customers enhance their post harvest handling procedures and practices, AgBiz engaged a highly qualified international expert from the USA, Dr. David Picha, to provide high level technical support to 16 of the country's fresh produce exporters. Dr. Picha trained 11 representatives of six companies on "How to Improve Fresh Fruit and Vegetable Post-Harvest Handling for Export" and conducted extensive one-on-one training for an additional five companies.



Dr. David Picha

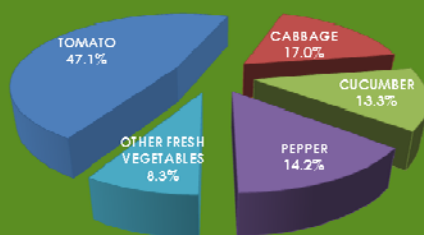
These are some of the recommendations provided by Dr. Picha during the training:

- Field packing should be encouraged to reduce the amount of handling and potential bruising injury to harvested fresh products;
- Reductions in the amount of postharvest product loss will have a significant positive impact on the economic value of the crop;
- Developing new, high-value and high volume export markets for Macedonian fresh produces is necessary for continued growth of the Macedonian agribusiness sector;
- Many of the practices needed to improve the quality and shelf life of Macedonian fresh produce exports do not require significant capital investments, but rather are improved handling practices; and
- Market linkage activities should begin as soon as possible, linking potential importers/buyers in target markets with Macedonian exporters that are capable of supplying the quantities of high quality, value-added fresh products required by EU buyers.



## Market Information on Macedonian Fresh Vegetables Exports

Figure 1 - Exports of Fresh Vegetables - January - September 2009 (% Value)



According to data obtained from the State Statistical Office, the total quantity of fresh vegetables exported from Macedonia during the first three quarters of 2009 (from January to September) was 118,000 tons worth over €31.3 million. The largest share of the value of fresh vegetable exports of was 47% for tomatoes, or a value of €14.7 million, followed by cabbage 17%, peppers 14% and cucumbers 13%. (See Figure 1).

### Longer Term Exports

#### Tomatoes

There has been a steady increase in the quantity and value of Macedonian tomato exports over the last five years. The 2008 annual value of exports increased by 26% over 2007, and 2007 exports were 17% higher in value than 2006. Unfortunately, the 2009 value for the first nine months decreased by 9% versus the same period in 2008, but the average price increased by 10% to €0.47/kg. Not surprisingly the highest average 2009 price was for the January to March quarter at €0.95 while the lowest average price was for the July – September quarter at €0.23. (See Figure 2).

Serbia continues to be the largest importer of Macedonian tomatoes, accounting for 71% of the total value, followed by Bulgaria and Croatia at 7% each. Only 10.6% or €1.6 million worth of 2009 YTD tomato exports went to the EU27 countries, predominately Bulgaria, Slovenia and Romania. For the first three quarters of 2009 tomato export prices averaged €0.47 to Balkan markets and only €0.20 to EU 27 markets, or 57% less.

#### Peppers

The value of fresh pepper exports over the last five years has been unsteady. The period from July to September, when the majority of exports happen, is especially variable. The total value of 2006 exports decreased by 39% compared to 2005, but in 2007 and 2008 the export value increased by 58% and 56% respectively. However, for the first three quarters of 2009 the value of pepper exports again decreased by 24%. The average price of the peppers exported between 2005 and 2008 did not change significantly averaging € 0.34. However, the average price for fresh pepper exports in the first three quarters of 2009 was €0.41. (See Figure 3)

Nearly 31% of the January to September 2009 total value of Macedonian pepper exports (worth €1.4M) was exported to Serbia for an average price of €0.72. Balkan markets accounted for 60% of the value of fresh peppers exports during the first six months, while EU27 markets accounted for 39% of exports. The average January – September 2009 price per kilo for exports to Balkan markets was €0.357.

Figure 2 - Average Price of Tomato (by Quarter)

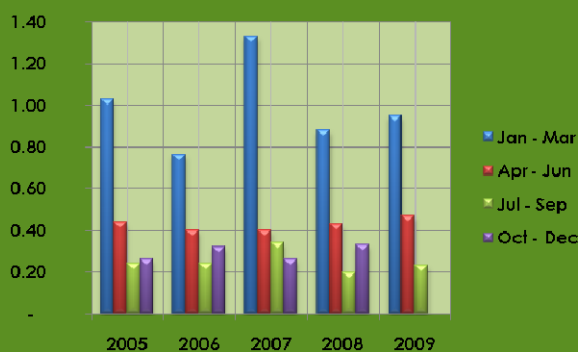
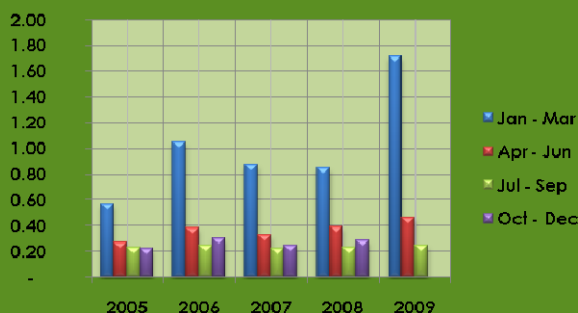


Figure 3 - Average Price of Peppers (by Quarter)



Source: State Statistical Office

## Macedonian Companies Exhibit in a National Stand at the International Trade Fair – FRUIT LOGISTICA 2009



The Macedonian National Stand at Fruit Logistica

In partnership with the Macedonian Ministry of Agriculture, Forestry and Water Economy (MAFWE), GTZ Macedonian Agro and Food Promotion Project (GTZ MAFFP) and the Swiss Import Promotion Program of Osec (Osec/SIPPO), in February 2009 AgBiz supported nine Macedonian companies to participate in a Business Development Mission/ Study Tour to the Fruit Logistica Trade Fair in Berlin, and helped seven agribusiness to exhibit at the Fair .

Fruit Logistica provided an excellent opportunity for Macedonian fresh produce marketers to present their range of products to an international audience. Fruit Logistica 2009 was a compact and highly effective show, and was an excellent venue for establishing new business contacts. In addition to products, Fruit Logistica introduced the Macedonian participants to the technical know-how and skills required for effective logistics management.

The successful participation of Macedonian companies resulted in €529,000 in immediate sales, and excellent prospects for new, ongoing customer relationships. The participation of seven companies to exhibit in a national stand emphasized the potential of Macedonia as a source of high quality fresh produce.



## Fresh Produce Exporters Participate in the World Food Moscow Trade Fair



Macedonian Exhibitors meet Russian Buyers

Four Macedonian fresh produce exporters - Agrohemija, Rudine, Goce Delchev Tikves and Zegin - exhibited their products at World Food Moscow held 15 -18 September 2009. World Food Moscow is a unique international exhibition of food products and drinks in Russia with a good reputation and many traditions. Established in 1992, World Food Moscow has become an ideal place for international and domestic food and drink producers to promote their latest products and services to the Russian food retail sector, caterers, chefs, wholesalers and distributors.

With a population of 150 million people, Russia is a very large market for fresh foods. Russia's production of fresh vegetables is decreasing and does not meet domestic demand, thus the country increasingly depends on imports. In 2008, fresh vegetable imports from the

EU and other non-CIS countries accounted for 57% from total vegetable imports. Leading tomato suppliers were Turkey (73,000 tons), China (25,600 tons), Morocco (11,400 tons), Spain (15,400 tons), Uzbekistan (20,400 tons) and Kazakhstan (6,600 tons).

World Food Moscow was an excellent opportunity for Macedonian fresh produce exporters to enter then increase their market share in this massive market. Macedonian fresh produce marketers have the ability to deliver fresh products to Russian buyers earlier in the season than many of their competitors. AgBiz helped its customers to capitalize on that opportunity by supporting them to exhibit and find customers at World Food Moscow. By the end of the Fair some €740,000 worth of new orders were signed by the Macedonian exhibitors, and many contacts were made that will be followed-up on for future orders into this new, very large fresh produce market.

## Storage of Fresh Vegetables and Fruits - an important component of export competitiveness



Working Atmosphere at the Workshop

As follow up to the Post Harvest Handling Training described on the previous page, AgBiz supported representatives of the Faculty of Agricultural Sciences and Food in Skopje, and their counterparts from Serbia and Kosovo, to present a regional post harvest handling workshop on the 9th and 10th of November in Strumica. This was the second workshop on "Storage of Fresh Vegetables and Fruits - an important component of export competitiveness".

The presenters at this regional event were members of the Faculty of Agricultural Sciences and Food in Skopje, the Faculty of Agriculture in Novi Sad and Faculty of Agricultural in Pristina. The co-organizers were agribusiness projects from USAID/Serbia and USAID/Macedonia.

The objective of the workshop was to improve the capacity of Macedonian fresh produce operators to adopt and utilize more productive, cost efficient and quality improving post harvest technologies for fresh produce products that have good export potential by implementing a series of technical assistance interventions and training. The regional workshop was an excellent venue to educate, train and increases the general capacity of domestic fresh produce operators to adopt modern and highly competitive post harvest handling practices and technologies.

The workshop was attended by 71 participants from universities, ministries, donor organizations and the private sector.

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## The Importance of GlobalGAP Certification

The challenge of globalizing markets is nowhere greater than in the primary food sector. GlobalGAP (formerly known as EUREPGAP) is a key reference for Good Agricultural Practices (G.A.P.) in the global market place, and translates consumer requirements into agricultural production practices in a rapidly growing list of countries.

GlobalGAP is a pre-farm-gate standard, which means the certificate covers treatment of the certified product from inputs such as feed or seed, and all farming activities until the product leaves the farm. GlobalGAP is a business-to-business standard, and therefore not directly visible to consumers.

In Macedonia the number of companies and/or individual farmers involved in GlobalGAP and other certification schemes remains on an example level. The main reason is the significant cost for GlobalGAP implementation and certification. Furthermore, customers in the traditional regional export markets served by Macedonian fresh produce exporters have not, until recently, required GlobalGAP certification. However, currently many exporters face the problem of not being GlobalGAP certified, and therefore miss opportunities when negotiating with foreign buyers, especially at foreign trade shows when holding discussions with EU buyers representing the large retail chains.

Therefore, AgBiz has nearly completed activities supporting 14 Macedonian agribusiness involved in fresh produce production to implement GlobalGAP, and afterwards be certified.

[http://www.globalgap.org/cms/front\\_content.php?idcat=9](http://www.globalgap.org/cms/front_content.php?idcat=9)

## Relevant Trade Fairs

- **Fruit Logistica 3-5 February 2010 in Berlin, Germany**

[http://www1.messe-berlin.de/vip8\\_1/website/Internet/Internet/www.fruitlogistica/englisch/index.html](http://www1.messe-berlin.de/vip8_1/website/Internet/Internet/www.fruitlogistica/englisch/index.html)

- **World Food Moscow, Russia 14-17 September 2010**

<http://www.world-food.ru/eng/exhibiting/news/?id=12>

- **IFE Americas Food and Beverage November 2010; Miami, Florida**

[http://www.americasfoodandbeverage.com/about\\_the\\_show.cfm](http://www.americasfoodandbeverage.com/about_the_show.cfm)