

USAID Regional Economic Growth (REG) project  
AID-OAA-C-13-00139

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## REPORT

# Survey to assess and prioritize technical needs in leading Ag sub-sectors and identify new export opportunities

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*(Albania, Bosnia and Herzegovina, Kosovo, Macedonia and Serbia)*

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March 2014

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## ACRONYMS AND ABBREVIATIONS

AL	Albania
BIH	Bosnia and Herzegovina
BRC	British Retail Consortium Standard
CEFTA	Central European Free Trade Agreement
EIB	European Investment Bank
F&V	Fruit and Vegetables
FSSC	Food Safety System Certification
GAP	Good Agriculture Practice
GOST R	Russia Certificate of Conformity
HACCP	Hazard Analysis and Critical Control Points
IFC	International Finance Corporation
IFS	International Food Standards
ISO	International Organization for Standardization
IPA	Instrument for Pre-Accession
IPARD	Instrument for Pre-Accession for Rural Development
KS	Kosovo
MBDP	Macedonian bank for Development Promotion
MK	Macedonia
NGO	Non-Government Organization
OHSAS	Occupational Health & Safety Advisory Services
POs/PGs	Producer Organizations/Producer Groups
PR	Public Relations
R&D	Research and Development
REG	Regional Economic Growth
SMEs	Small and Medium Enterprises
SRB	Serbia
SWG RRD	Standing Working Group Regional Rural Development
TA	Technical Assistance
TPR	Temporary price reduction
USAID	United States Agency for International Development
ULO	Ultra Low Oxygen
WB	Western Balkans

## I. Introduction

*USAID Regional Economic Growth (REG) Project* is implemented in Western Balkan region (covering Albania, Bosnia and Herzegovina, Kosovo, Macedonia and Serbia) with purpose to promote broad based, inclusive and sustainable economic growth in the region through greater intraregional economic integration and harmonization in the region and other markets. Implementation of the project is based on two main components 1) Increased private sector competitiveness and enterprise development and 2) Increased financial sector stability, growth and inclusion. Project activities will focus on improving competitiveness and increasing financial sector stability by promoting economic integration within the region and building economic linkages to the EU and other markets. The REG Project will seek to provide a cost effective platform for demand driven high quality trainings and will introduce international best practices in private sector skills and financial sector management and regulation.

In this regards, the REG Project engaged AgBizMK to design and conduct a Survey to identify and prioritize technical needs such as quality standards and certifications in leading AG sub sectors as a means to develop new export opportunities.

Better understanding of export trade circumstances and key constraints, in standards and certifications, that impedes ***fresh and processed fruit and vegetable (F&V) producers and exporters in the region*** (Albania, Kosovo, Bosnia and Herzegovina, Macedonia and Serbia) will enable the REG Project to make optimal decisions in designing technical assistance to maximize impact in Agribusiness (fruits and vegetables) sector specific objectives. The analysis of the survey will inform specific activities undertaken by REG to increase AG producers, processors and exporters' adherence to internationally recognized standards and certifications that are required in key export markets.

AgBizMK as a Subcontractor developed a methodology to determine interviewees and allow for a consistent understanding across countries of the critical points in the value chain and designed a qualitative questionnaire with 20 questions for companies, institutions, and relevant NGOs. Due to significant differences, the questionnaire for wholesalers/distributors and supermarket chains was modified to encompass mirroring viewpoint from a buyer side. A list of interviewees and stakeholders was compiled including the ones suggested by USAID REG Project and USAID missions. The engaged team of consultants, experts conducted analysis and at least 20 interviews per country that included Agribusiness specific (fruits and vegetables) leading companies, associations, government counterparts, NGOs, investment and export promotion agencies, other donors active in agriculture as well as leading wholesalers/distributors and supermarket chains in each of the five REG countries Albania, Kosovo, Bosnia and Herzegovina, Macedonia and Serbia.

The survey team collected and processed the information and developed a report with summarized stakeholder feedback and identified key constraints and needs as well as key quality standards and certifications needed for strengthening the capacity of the regional fruits and vegetables value chains to expand current and develop new export sales. The team developed a summary of specific recommendations of proposed possible activities to be undertaken by the REG project.

## 1. Methodology

In line with the objective of the survey to assess and prioritize technical needs such as quality standards and certifications in leading AG value chains (fresh and processed fruit and vegetables) of the selected Western Balkan countries and identify key opportunities for companies to expand exports, the working methodology was consisted of:

### *I. Preparatory Work*

Communicated with active USAID Projects and Missions in REG WB countries as well as other relevant stakeholders; Collected and analyzed existing related studies, including USAID project reports and analysis, IFC on cross border Value Chains, SWG RRD study on value chains, IFC Food Safety study, etc ) and strategies on AG/sub-sector export trade/development

### *II. Desk Research*

Analyzed available directories, databases, and statistics on intraregional and international export sales; analyzed the leading target markets for specific products and sub-sectors, both within the Balkans region and beyond

*III. Developed questionnaire that clarifies the exact certifications and standards and food safety practices/ issues to be addressed. The questionnaire also addresses the current situation of compliance with these standards and certifications. Draft questionnaires, one for companies and institutions and one for wholesalers and supermarket chains were reviewed and approved by USAID REG project before initiating work.*

*IV. Developed methodology of how interviewees are selected.* Surveyed interviews included Agribusiness specific (fruits and vegetables) leading companies, associations, government counterparts, NGOs, investment and export promotion agencies, other donors active in agriculture as well as leading wholesalers/distributors and supermarket chains.

### *V. Field Research*

Identified at least 20 main stakeholders in each country; Organized interviews (census method, direct interviewing technique). The stakeholder list for all REG countries was submitted for review by USAID REG Project and USAID Missions. All recommended stakeholders were included into the list of interviewees before the work began.

### *VI. Data entering and data analysis*

Synthesized input per country and summarized common needs and opportunities.

*VI. Draft presentation of the report -* In order to assure maximum quality of qualitative and quantitative gathering and interpretation of the data, the draft outcomes of the survey including executive summary, key conclusions and proposed interventions were shared with some of the main stakeholders to review and provide comments. All relevant comments and suggestions for enhancement will be addressed and integrated into the final draft report.

*VII. Report writing, review and submission -* Final report will include analysis identifying key interventions to allow firms to expand export opportunities through enhanced food safety and product standards based on products/market match. Report will elaborate on the main technical assistance needed for adoption/upgrading food safety and quality certifications and provide at least 3 detailed recommendations for intervention to address key technical needs.

## 2. Limitations to the survey

- Scattered strategy of companies due to wide range of products, insufficient market analysis and targeted marketing efforts
- Lack of proficiency of agribusinesses to clearly define exact constraints, needs and opportunities.
- Still heavily relying on regional markets that are much less restrictive in terms of quality and food safety standards cannot be characterized as a direct limitation to the outcome of the survey but rather notification of the varying competency of stakeholders.
- Some of the responses of the interviewed stakeholders and their proposed interventions for assistance are Government support driven

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- Confronting views of producers vs processors of F&V
- Supermarket chains in the region, particularly those that are part of multinational companies were exceptionally reluctant to respond to the Survey questionnaire and disclose any information considered as sensitive and against their corporate policy including annual turnover, sales of F&V, % of fresh and processed F&V in total sales, % of domestic production vs. imported, main products they supply from REG vs. international, specific technical terms and requirements they include into their purchasing contracts. Even with the provision of a Confidentiality statement from REG Project and direct support of Macedonian Embassy in Slovenia, limited responses were obtained from supermarket chains
- Regional character of REG Project assumes interventions that are more on a macro rather than firm level assistance. Based on fairly limited project resources for implementation of such scope, the prioritized potential activities are proposed to be all-inclusive and have regional implications instead of one country interventions focus to address very specific need of a group of stakeholders.

## II. Executive Summary

Executive summary presents synthesized most impeding constraints and needs across the region, key food safety and quality standards needed with proposed prioritized activities for REG project to assist in enhancing export growth opportunities.

Executive Summary table showing the prioritized key findings/constraints for REG countries:

	Albania	BIH	Kosovo	Macedonia	Serbia
Priority A	<b>Cold Chain, post-harvest operations</b>				
	Post-harvest operations and cold storage, sorting and packing facilities are limited to several larger wholesalers established in the main production areas.	Modest cold storage capacities, insufficient and inadequately located for some F&V crops. Investment in new cold storages and knowhow to improve post-harvest handling practices is needed, especially better equipment for sorting and packing lines.	Lack of cold storage capacity and insufficient logistic arrangements. Products sold immediately after harvest when prices are lower. Recent investments in large cold storage capacities need support and expertise.	Cooling facilities used to chill products before exporting. Only few store produce for out of season sales. Lack of advanced buyout centers offering full range of services like sorting and packing according market standards.	Recent improvements of cold storage capacities (ULO storages for fresh or deep freeze). New capacities, improving energy efficiency and upgrading older cold storages are still needed for storing F&V.
	<b>Adoption of Food safety and Quality Standards</b>				
	Low adoption of food safety and quality standards. Domestic market does not have unified standards so products do not comply with export requirements. GlobalGAP for fresh and HACCP for processors are considered as a priority.	A number of F&V processors have adopted HACCP system and ISO 9001 standard. Absence of competence for high quality standards IFS, BRC and ISO22000. GlobalGAP or organic, are usually adopted by export oriented farmers.	Quality standards at the initial level and more for demonstration purposes. Companies started implementing HACCP and some ISO 9001. Global GAP is becoming more important. Other standards considered less important.	Most processors have already adopted HACCP principles and ISO 9000. FSS 22000, IFS and BRC standards are needed for exporters to EU. Limited number of fresh exporters are GlobalGAP certified and guarantee full traceability.	Quality standards are in demand, but still don't pose significant constraint for exporters. Majority of companies implemented HACCP and ISO 9000. HALAL, IFS are needed. Global GAP is key certificate for fresh F&V producers.
Priority B	<b>Marketing analysis, Marketing strategy, Export promotion</b>				
	Focused on export sales on domestic and regional market. Marketing improved lately but still insufficient capacity and lack of coordinated export strategy for F&V. Very few companies have export promotion program based on specific request from a buyer.	General lack of marketing analysis and marketing strategy of F&V companies. Judgments based on assumptions and personal experience. Vague export marketing efforts, spontaneous decisions without clear vision for market positioning. Direct promotion.	Companies usually don't make decisions based on market analysis but more on discussions and information they receive from partners in the region or assumption they made based on previous year demand.	Lack of market analysis, marketing proficiency and stronger marketing presence on key export markets. Companies rarely have internal capacity for more in-depth market analysis. Recent efforts for more coordinated promotion of F&V exporters.	Proper marketing analysis and strategy are considered very useful for expansion of current customer base, and positioning. However, often neglected due to lack of internal capacity for comprehensive planning as well as insufficient funds.

Inputs (Fertilizers, chemical protection; seeds)				
20% VAT on inputs is higher than the region, overburdens the price of fertilizers and chemical protection and subsequently the price of agricultural products. Less costly lower quality alternatives, compromise the quality of agricultural products.	Inputs are available but most are of suspicious quality due to weak control and monitoring at border entry points. BiH is not member of International Seed Testing Association (ISTA) which hinders introductions of updated assortment of F&V.	Inputs mainly imported, often re-packed and mixed with lower quality, negatively affecting yield and quality of products. Stricter control is required. Ag pharmacies do not have capacity to advise farmers on quality of seeds, soil analysis, use of fertilizers or new varieties.	Imported inputs available, but smallholder farmers, instead of hybrids, often produce and select seeds by themselves to decrease costs, thus jeopardize yield and quality characteristics. Fertilizers used without proper soil analysis. Integrated pest management is not sufficiently applied.	Fertilizers available usually through processors who act as wholesalers, ordering large quantities from importers and distribute to farmers, thus achieve lower price and secure supply of F&V. Improved supply of seeds and seedlings, still lack seedlings for new varieties and specific crops (raspberries).
Farmers /processors Associations, Cooperatives				
Most of the trade goes through intermediaries so backward linkages are poorly managed. Albanian producers are not organized, production units very fragmented, resulting in no uniformity, quantity and quality of products. Few farmers associations are underdeveloped.	Excessive number of associations established on various ground – sectorial and sub-sectorial, municipal, canton, regional which undermines their relevance and influence in specific sectors. Cooperatives rarely practiced in accordance with the original principle of cooperatives.	F&V farmers not well organized, hence, not very well represented and haven't impacted policy changes. Several farmers associations and few cooperatives registered yet not very functional. Processors association PePeKo is at its initial stage, developing five years strategy.	Number of farmers associations but not very functional. Federation of Farmers unifies farmers interest to a certain extent, particularly for policy issues. Even the new law on cooperatives adopted 2012 and considerable subsidies have not noticeably triggered cooperatives.	Large quantities of FF&V for processing often obtained through middlemen who perform field purchase and collection. Organizing farmers is a challenge and associations and cooperatives often short lasting due to issues in quality control, penalties if arise, negotiated vs. achieved price etc.
Payments Agency, access to EU/ IPARD funds				
Priority C Rural Ag. Dev. Agency functional since 2009, managing state budget funds for direct support to production and dev. of agricultural infrastructure markets. Managing Authority established. IPARD Program measures and Agency in the process of accreditation.	The lack of political consensus impedes the process of forming a single Payment Agency and utilization of IPARD funds. EU expects fairly recent introduction of specific approach in BiH to include utilization of pre-accession (IPA) funds.	EU funds managed on similar procedures as for IPARD through paying unit under the Ministry of AG. Grants provided for processing industry (200,000 - 500,000 Euros). Since 2013, Paying Agency has been established. EU project is helping to achieve accreditation.	Payment Agency fully established and functional. Eight calls for proposals issued so far. Still low level of absorption of IPARD funds. Macedonia is using IPA CBC instrument for AL, GRE and BLG. At the beginning of 2014 issued first call for CBC with Kosovo.	In 2010, Managing Authority formally appointed and first draft of IPARD program completed, with three selected measures. The Agency still in the process of accreditation.

- ***Constraint/need: Lack of capacity for post-harvest operations according highest wholesaler/supermarket standards*** In their efforts to attract more consumers and attain higher turnover supermarket chains, hence wholesalers that supply supermarket chains seek to partner suppliers capable to follow strict criteria for quality and delivery dynamic of Survey to prioritize technical needs in leading Ag sub sectors and identify new export opportunities

fresh fruits and vegetables. Many of the F&V consolidators and traders in the region operate in underdeveloped cooling and storing facilities where they can do basic selection and packing and chill the products before distribution, however, there is lack of advanced buyout centers that can offer full range of adding value services like sorting, grading and packing products according highest supermarket standards as well as proper storage of fresh products for out of season consumption. Present cold storage operations often fail to apply all necessary steps from pre-cooling, cleaning and handling of produce that jeopardizes the freshness and quality of products but also deliver products that are unsorted, of lower class, unsuitably packed and secured for transport and ultimately do not satisfy required criteria of buyers. Hence, buyers are experiencing waste and cannot achieve the preferred customer satisfaction.

***Proposed activity:*** Addressing some of the postharvest issues would require serious investments in cold storage facilities, calibrating and packing lines but also an extensive training and knowhow transfer to stakeholders is required.

- Improved sorting and grading techniques and advancements in storage technology can be provided in a form of capacity building training and advice for qualified staff to improve the postharvest processes.
- Training could be combined with a Study tour to visit modern buyout and distribution centers for fruit and vegetables (Italy) where experts could present how to optimize layout for more efficient operations, conditions and technical specifications to improve calibrating, sorting, packaging and labeling of products according to highest market requirements. Companies will observe and learn about storing in controlled atmosphere, temperature dynamics for various produce. New knowledge will help them to adapt and upgrade current equipment or constructing new cold storage facilities for improving the product quality up to the expectations of target markets.

- ***Constraint/need: Quality standards and certifications needed to expand export growth opportunities.*** Beside sustaining and expanding on domestic and regional wholesale markets, companies from REG countries are focused on expending sales of their F&V products to retailers in the region, European countries and other worldwide markets. Expansion to new markets and new clients necessitate adoption of more standards, required mainly by supermarket chains in Europe. Depending on the target market ISO22000, IFS, BRC, Halal or several other standards are needed particularly for processors that aim to enter directly to supermarkets. ISO22000, IFS, BRC are all-encompassing standard that assumes implementation phase, technical audit and certification by accredited certification body. All these steps require comprehensive knowledge and internal capacity of companies to adopt but also to maintain and manage on the day to day basis.

Global GAP is one of the key requirements for exporting fresh fruit and vegetables. There is sufficient number of technical experts/agronomists capable to offer GlobalGAP implementation in the region. Yet, if not specifically required by the client, particularly smaller farmers foresee GlobalGAP as a guarantee for sale rather than a prerequisite to a more competitive offer and an opportunity to expend to the upper market. Standard is perceived as an additional cost and therefore, producers are reluctant to adopt or sometimes even to recertify.

***Proposed activity:***

- Advanced capacity building training for key technologists that are responsible for production processes and standards compliance on how to conduct self-audit on compliance with ISO22000 principles within their company can be very beneficial. This is useful not only for ISO22000 or 9000 and IFS but for all other food safety and quality standards including Global GAP to ensure local technologists/advisors have updated knowledge and skills in these areas.

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- Since many of the forward-thinking companies in the region stated clear commitment in adoption of ISO22000, engaging technical experts to provide guidance and training to companies through the procedures for implementation and certification will expedite the process, encourage individual investment to upgrade to the required standard and allow them to effectively achieve full export readiness
  - Regarding GlobalGAP the proposed intervention should be related to provision of training for larger farmers or agriculture production companies on the importance of implementing the standard for being in compliance with the market requirements and traceability, to protect the health of farmers and other food operators as well as protect the environment by introducing sustainable production. The assistance should be based on specific requests from importers/wholesalers for group of larger suppliers rather than having classic types of training.
- **Constraint/need: Lack of market analysis, proficiency in marketing strategy and targeted marketing presence on key export markets** Companies rarely have internal capacity for more in-depth analysis and understanding of consumer insights and market dynamics, so most of the time their export decisions are based on personal conclusions from traveling to the target market or some direct contacts. Consequently, they experience difficulties to identify and approach the right contacts, create interest in their offer and negotiate with potential importers. Participation at Trade fairs can sometimes lack sufficient preparation and programmed schedule of meetings with potential buyers. Companies usually rely only on the relevance of the fair to secure high frequency of visitors of the desired profile. Annual trade fair Fruitlogistica in Berlin in February for fresh exporters and biannual Anuga in Cologne in October for processors of F&V are the two most important international trade fairs that gather all relevant buyers from EU and other world markets. There are also other specialized trade fairs for specific product category that can be very beneficial for REG F&V. New World Food Poland in Warsaw (transitioned from Kiev) is expected to gain relevance particularly for SEE and Western Balkans. Scandinavia Food Fair in Malmo is also becoming increasingly important for Scandinavian countries.

**Proposed activities:**

- Organizing trade mission and facilitation at prearranged B2B meetings with some key importers or supermarket chains on targeted markets will be a straightforward assistance to companies in identifying new export partners and investigating opportunities for new export deals.
- A separate activity could include tailored one day meeting of fresh and processed F&V companies with a large supermarket, presentation of their technical requirements for potential suppliers, process for auditing company's capacity and B2B
- Inbound trade mission of potential importers that have expressed interest to visit companies from the region that fulfill minimum quality/safety/volume requirements for EU and other international markets and evaluate products portfolio, processing facilities and management processes and have direct B2B meetings is even more effective and likely to lead to new export contracts.
- REG Project should consider providing experts' facilitation and coaching of companies in arranging B2B meetings that will greatly contribute in optimizing results from exhibiting at trade fairs. Middle East trade fairs can also be considered. The project could engage a trade agent to acquaint REG companies in specifics for exporting to this market and facilitate focused business meeting with potential buyers
- Expertize should be provided for key export people from F&V companies on how to conduct and process market analysis, methodically develop marketing strategy, select and approach specific target market, identify prospect buyers, negotiation tactics and

contracting. An advanced mentoring type of training with direct examples would have significant impact on upgrading the capacity of companies to maximize export sales and marketing efforts

- **Constraint/need: Unstable backward linkages and unreliable raw material supply**  
 Unbalanced relations between smallholder farmers producing fruits and vegetable and traders, intermediaries and processor have been across-the-board issue for all countries in the region for a longer period. It resulted with diminished trust between the “two sides”, ad-hock transactions for supplying fresh produce for domestic and export market or raw materials for processing industry but also, very often, created surpluses or deficiency of certain products. However, contract farming is still moderately applied as a mechanism that regulates production supply and demand, so the raw materials are primarily obtained through either consolidators or on day of delivery from individual farmers. All governments have been trying to address this issue but with limited success. Through various rural development instruments and subsidy measures, the aim is to improve the capacity of farmers to produce according market requirements and negotiate sale for their products in advance. This substantially impedes traceability and confidence in secured volumes and quality of products resulting in inability of exporters and processors to plan ahead and sign larger export contracts.  
**Proposed activity:** Extensive training on contract farming benefits, identifying most suitable models of contracting to be proposed could address this problem and strengthen long term planning and overall supply chain competitiveness. Identified models could be recommended through the Ministries of Agriculture, rural development agencies or extension service agencies in REG countries. The activity will contribute in reducing uncertainty of buyout and increasing resilience of farmers to fluctuating demand for their products.
- **Constraint/need: Improvements of the quality of products and production technology.** Majority of production of F&V in REG countries is organized on the open field, thus creating uncertainty and incapacity of controlling the environment for production. Improvement of the quality of products on larger scale, to satisfy the requirements of the upper market segments is a long term goal. Standardization of products according to EU legislation and the application of biosafety guidelines during production, could eventually add additional product value in the market. Nonetheless, the process would have to address many aspects of production including the improvements in the varietal structure, on-farm assistance in achieving improved production practices, use of adequate hybrid seeds, production of rootstock, fertilizing, water and pest management, etc. There are a limited number of heated glasshouses that use advance technology and have all year around production of vegetables and significant number of smaller producers that are involved in production of early season vegetables under plastic tunnels. Optimizing the use of current technology by upgrading the internal processes and adoption of some techniques that are not so costly, can secure higher yield, better quality of products and longer shelf life of fresh vegetables.  
 Fresh fruit producers from the region also struggle to improve the quality of current production and introduce new varieties that are in demand on the EU markets. Although many of the varieties of vastly grown fruits in the region like apples, table grapes, plums and some sour cherries are relatively obsolete, there are recent investments in modern intensive orchards and vineyards for table grapes with new assortment. New varieties require upgraded knowledge and adoption of latest techniques for sustainable production.  
**Proposed activity:** Most of the constraints and needs identified above would require long term comprehensive assistance and involvement of many stakeholders. However, some interventions would surely be very beneficial and give positive results even in the short run

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- Study tour of more advanced vegetable producers from REG countries to visit modern glasshouses for production of tomatoes, cucumbers, cauliflower, gherkins and similar vegetables, (exp. in the Netherlands, Spain or Italy), discuss with experts that manage such operations will enable producers to directly observe and learn on specific varieties, modern ventilation and heating systems, computerization, soil-less cultivation and irrigation in glasshouses.
  - Study tour to visit advanced orchards, particularly for apples and cherries (Italy or Poland) and learn specific varieties, density of planting and growing, knowhow on achieving fruits with unified size and color, avoid sunburn, determine the proper ripening level before harvesting in order to secure desired freshness and shelf life of fruits.
- **Constraint/need: Farmers' cooperatives**  
 EU recognizes Producer organizations as partners in facing challenges during the process of implementation of EU Common Agriculture Policy (CAP) and eligible for funding of various type of support. Some REG countries have already drafted and/or introduced National strategy for operational programs for POs/PGs for fruits and vegetables (in line EU Regulations 1182/2007, 1580/2007) as the first step in the process of introduction of EU alike modern producers organizations. However, process has not been initiated yet, and accompanying bylaws needed for establishment of effective system for organizations recognition and their further support are not in place. Although, due to very negative perception regarding the former concept of ex state owned Agro-combinats or agriculture cooperatives it is a challenge, horizontal coordination of primary producers into modern Cooperatives has been promoted as a platform for uniting the interest of farmers especially in terms of joint supply of inputs, sharing experience and knowhow, consolidating production output and increasing bargaining power for selling their goods to traders and processors.
- Proposed activity:** Study tour to learn from good examples of commercially viable horticulture cooperatives or producer organizations, learn how they operate and play a role of input supplier, consolidator but sometimes also provide post-harvest services and directly export goods Study tour could also include visit to specialized marketing enterprises within EU that are dealing as intermediaries responsible for matching F&V products and markets, assure continuity in regards to quality and quantity of production compliance with standards, joint marketing efforts and branding and even new product development. This can activate more farmers and agro producing companies in the region to joint forces.
- **Constraint/need: Payment Agencies being in the process of establishing and accreditation or with inadequate capacity for more efficient absorption of IPARD funds.** Having signed the Stabilization and Association Agreement and being a candidate country or in the process of negotiations for accession, EU funding is of paramount importance for development of REG countries. IPARD funds are already available in Macedonia but not yet in the region, procedures are perceived as very complex and dependent on capacity and proficiency of companies but also on local municipalities, cadaster and many other related institutions. So far, there have been organized various trainings for Payment Agencies and managing authority representatives but also consultants that could assist companies in preparing and going through the application process. However, there is still need for additional advance training for augmenting absorption capacity for IPARD of each REG country.
- Proposed activity:** Assistance could be provided to Payment Agencies that have still not pass the Accreditation process by the EU commission as well as training for their technical junior staff to efficiently evaluate project proposals. Study tour to some of the better

Payment Agencies of countries that have recently joined EU like Croatia but also Slovenia, Estonia can be of value.

- **Constraint/need: New EU Framework Program for Research and Innovation, Horizon 2020** As the latest transformation under the EU Framework Program for Research and Innovation, Horizon 2020 is the financial instrument implementing the Innovation Union, a Europe 2020 flagship initiative aimed at securing Europe's global competitiveness. Designed as a blueprint for smart, sustainable development and a means to drive economic growth and create jobs, the instrument should couple the efforts of research institutions and private sector. Since it has been recently presented, so far only National country coordinators are familiarized with it and there is a necessity to be wider introduced to the community including government bodies as well as relevant scientific institutions and private sector.  
**Proposed activity:** General introductory training followed by a train of trainers' capacity building session but focused on Agriculture/agribusiness program area for selected advanced consultants could boost awareness and acquaintance with the specifics of the instrument and encourage stakeholders to develop initiatives and emerging partners' network to work together on project proposals.

### III. Report summarizing stakeholder feedback

Summarized stakeholders' feedback includes short overview of the Agribusiness sector in each of the five REG countries Albania, Bosnia and Herzegovina, Kosovo, Macedonia and Serbia, and depicts key constrains, needs and opportunities for expanding intraregional and international export. Analyzing the input from producers, processors and exporters of fruit and vegetables, relevant related institutions and key retailers in the region and neighboring countries Bulgaria, Croatia and Slovenia, the report prioritize potential interventions for assistance by the USAID REG Project to increased private sector competitiveness and enterprise development in the two leading agribusiness value chains: Fresh Fruit and Vegetables and Processed Fruit and Vegetables.

#### 1. Albania

Albania has considerable potentials for cultivation of various fruits and vegetables. Its climate-able conditions are very adequate for successful growth of a wide range of fruits and vegetables. Vegetable farming has increased by more than 40 % for the last decade whereas fruit production, although had a greater decline through the first years of transition as a result of bad maintenance of existing orchards, has almost tripled the quantity since 2000. On the other hand, the production farms are extremely fragmented with an average size of 1.26 ha<sup>1</sup>, so consequently there is no uniformity in the quantity and quality of the products. This situation makes it difficult to achieve focus and concentrate on production of selected assortment of produce for efficient marketing.

At the same time, import of fresh fruits has decreased covering about 28% of the domestic market in 2012 as compared to 45 % in 2007. In 2012 exports of fresh F&V exceeded 10,000 tons, which is a remarkable increase compared to 2007 (1,462 tons). However, trade deficit still remains high.

The fresh and processed F&V industry insight in Albania was gained through direct interviews and observations of 23 stakeholders including 7 fresh F&V producers, 8 processors, 2 representatives of F&V associations and one local NGO. The survey additionally included 3 wholesale and supermarket chains and one representative from the Ministry of Agriculture, Rural Development and Water Administration and a Lobbying agribusiness organization. Their input was integrated in the final research results.

Albanian fresh F&V market is dominantly supplied from domestic production, except in the winter months. Although imports have been decreasing, the out of season greenhouses production cannot compete with imported products, mainly due to high price of crude oil for heating.

The principal country for Albanian export of F&V is Kosovo, followed by Montenegro. For Albanian wholesalers it is easier to contact directly with Kosovo intermediaries and the requirements for quality and standards are not so high. The export is practiced only by big producers and traders of fresh fruit and vegetables. The absence of properly developed produce collection and distribution centers has encouraged direct commercial relations between rural producers and intermediaries, or from agro enterprises to regional intermediaries. This structure is not sufficient for effective high quality production and export sale and at the same time affects all marketing channels. Some of the problems lie in the fact that by working through intermediaries, backward linkages are poorly managed and usually Albanian producers receive no feedback about their products after export.

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<sup>1</sup> Statistical yearbook 2012

Domestic market in Albania does not have unified standards and significant portion of products do not comply with export requirements. With exception of several recent investments in larger production units and cold stores that are relatively advanced, small farmers are used to produce and sell non standardized products to local green markets. One of the biggest obstacles is the difficulty of organizing small producers, to adopt quality standards and to consistently produce larger quantities under certain specification as required by target markets. At the same time, Albanian Government has no clear policies to provide focused program support and subsidy measures that will help farmers to fulfill prerequisites for further export growth. Directorate for standardization, under the Ministry of Agriculture is the institution responsible to regulate certification of agricultural production.

Another important factor is that VAT (Value Added Tax) for inputs in Albania is 20%, which is high in comparison with the region. This overburdens the price of fertilizers and chemical protection and subsequently the price of agricultural products. Looking for less costly alternatives, sometimes producers prefer to use fertilizers imported from China, which are cheaper, but of a low quality and not standardized, therefore the quality of agricultural products is compromised.

Farmers are not market oriented, do not have prompt market driven information and their choice for seeds, fertilizers as well as all other inputs heavily rely on advices from importers and distributors of inputs. Also, the survey reveals lack of written contracts between traders and processors as vendors and producers as their suppliers. Even wholesalers avoid written contracts as they are reluctant to a long term commitment in conditions of general mistrust and deficit of negotiated ceiling market price.

Post-harvest operations and facilities especially for cold storage, sorting and packing are with limited scope. Insufficient conditions for proper storage of produce under controlled atmosphere and temperature increase the losses of products and at the same time decreases the ability of traders to secure continuous supply of agricultural products, especially out of season when the prices are much higher. This is also one of the main factors for the high volatility curve of products' price.

Interviewed stakeholders export the main quantity of their fresh products to regional markets (Montenegro 15%, Serbia 15%, Kosovo 10%, Macedonia 12%, B&H 12 %). The request for Albanian products comes directly from regional wholesalers as they need to fill the gaps of their domestic production (problems due to seasonality, or to climatic conditions). Usually, the intermediaries from the region especially from Kosovo and Macedonia prefer to purchase the products directly from small farmers on the open market and usually pay in cash. This practice causes lots of issues with the big producers and exporters of fresh F&V and statistic contradictions in terms of volumes that are sold on the local markets.

Lack of consistent quality, food safety standards and structured marketing channels obstruct Albanian producers to penetrate EU markets. Even if the companies manage to enter the markets, additional challenge is to sustainably export significant quantities of wider range of products. For example, the Russian market represents a great opportunity for export expansion but so far exporters from Albania managed to export only watermelons in larger quantities. At the same time, product standardization will increase the total costs of export, so the companies will have to focus on upper market segments and maybe export products to countries with less favorable climatic conditions for domestic production. Based on current export potential and expected progress in terms of adoption of food safety and quality standards, Albanian producers and exporters of fresh F&V, foresee export growth opportunities to EU member countries Bulgaria, Poland, Croatia and Hungary mainly for tomatoes and watermelons but also in the region to Serbia, Macedonia, Montenegro, Kosovo for watermelons, tomatoes, cucumbers, leek etc...

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Estimation of average export growth by respondents is 11% in the near future of two to three years.

The processors have fairly low economy of scale and therefore very high transaction costs to be competitive in wider range of products. Another problem is the presence of a strong grey market economy, illegal production and forgeries. This problem compromises their reputation not only on domestic market, but also on international markets. According to interviewed stakeholders export growth opportunities of processed F&V are limited to niche markets only for traditional products such as preserved olives, olive oil and some types of marinades. USA, Switzerland, UK, Germany are seen as prospect market whereas regional markets especially Kosovo, Montenegro, Serbia and Macedonia are perceived to be with a higher export potential for marinated vegetables. Montenegro as a neighbor and tourist destination and some ethnic markets in USA have potential for exporting jams and fruit preserves.

At this point many of the stakeholders stated that they are not familiar with the opportunities to use EU funds for upgrading standards and improve competitiveness. But even those companies acquainted with the existence of the funds have high reluctance to apply due to very complex eligibility criteria and stringent investment implementation procedures and monitoring.

### **Prioritized potential activities for Albania**

The fairly cheap open field production of agricultural products and a lot of indigenous varieties are some of the advantages which can be promoted on the export markets through regional and international trade shows and B2Bs. However, the country has to work on preserving the image of a non-over industrialized country and with unpolluted agriculture production, favorable even for growing of bio products. In addition, research and comprehensive analysis is needed for optimal utilization of the advantages from climatic conditions for early production of F&V.

One of the proposed solutions to address lack of capacities of Albanian producers and processors to penetrate in foreign markets is establishing several intermediary offices in regions with high F&V activities' concentration. They are expected to assist Albanian companies to bypass current export market penetration obstacles and gain experience to reposition themselves as international markets' suppliers in addition to regional ones. These offices would perform diverse functions starting from providing linkages for domestic producers with international markets, based on market research and comparative analysis of national and international environment. The intermediary offices would provide assistance in distribution channels consolidation. Albanian products have high transaction costs and for this reason producers or processors usually prefer to send their products directly to supermarkets. By promoting legally binding documents and contracts between producers and traders/wholesalers/supermarkets, including the concept of contract farming for processed vegetables, the intermediary offices would assist in diminishing the mistrust among stakeholders and in mitigation of liquidity risks. The offices, in collaboration with the extension service, certification body and universities would also assume responsibility for providing quality standards assurance for buyers.

Possible avenue for achieving cooperation among farmers is by forming marketing enterprises instead of cooperatives. Previous experiences have shown that Albanian farmers cannot operate together in terms of cooperatives due to the negative perception about the concept related with former system cooperatives. For this reason establishing marketing enterprises which would encourage farmers to collaborate solely in terms of marketing is considered as a more sustainable solution. The joint marketing efforts of farmers will assure continuity with regards to quality and quantity of production and branding (label improvement or relabeling).

Functional Market Information System that will provide not only information on average price but rather illustration of demand and supply in various regions in Albania could supply farmers and traders with clear picture of availability of products on the side of producers and match with requests of traders and processors. This will in turn improve the supply chain response.

The genuine lack of knowledge among F&V producers and processors about EU grant programs application schemes, business plan preparation including business expansion forecasts can be improved by providing trainings addressing topics related to accounting, preparation of business plan, standardization systems and procedures, and marketing strategies and planning.

## 2. *Bosnia and Herzegovina*

A total of 20 stakeholders were interviewed in BiH including 7 producers of fresh fruit and vegetables and 7 processors of fruit and vegetables, (all commercial producers of large quantities of produce with exports orientation), 2 cooperatives and 3 institutions and agencies involved in F&V subsector<sup>2</sup>. The survey also included 2 large wholesalers and supermarkets and additional six stakeholders proposed by USAID BiH responded (Agricultural Institute Mostar, Agricultural Institute Sarajevo - Department of Food Control Laboratory, Agrolink, Organska kontrola/Organic Control, Food Safety Agency of BiH, Ministry of Agriculture, Forestry and Water Management of Republika Srpska). Their answers to the questionnaire were incorporated into the final research results.

Bosnia and Herzegovina still lacks sufficient production to meet domestic needs hence, imports of fresh fruit and vegetables together with mushrooms in 2013 reached 125,2 million euros. Main partners are from EU including Croatia (16%), Italy (13%), Turkey (10%), Netherlands and Slovenia, whereas regional countries, mainly Serbia and Macedonia contribute with 22.88% for vegetable and 13.26% for fruit imports of BiH. The majority of large-scale producers base their businesses on selling products on the domestic market. Very few of them sell on regional markets as less restrictive, particularly in terms of food quality and safety standards and systems. Total exports in 2013 were EUR 51,4 million. About 70% is exported to the EU, main partners being Croatia (19% of total exports), Germany (18%), Italy and Austria (8% each). In the region, the main partner is Serbia (14% of total exports), followed by Montenegro (4%). In the past few years, fruit production has had an upward trend, especially for plums, apples, pears, cherries and berries. On the other hand, vegetable production has stagnated except for the production under plastic tunnels and glasshouses.

Interviewed producers are satisfied with availability of required inputs such as raw materials (89% respondents gave it a maximum rate), technology and equipment, and less satisfied with access to skilled workforce. Four out of nine surveyed participants, or 44%, had introduced the Global Gap standard, while two are in the phase of implementation.

Key regional markets are Serbia and Macedonia as well as Montenegro. It is interesting to point that companies from BiH are almost not present on the markets in Kosovo and Albania. Fresh fruit exports to Serbia mainly consists of apples, pears, plums, peaches and nectarines as well as cherries and table grapes, whereas for vegetables, early varieties of potato and cabbage. Export to Macedonia is mostly vegetables, potato in particular. When it comes to international markets, export to EU countries is significant, especially to Croatia as a traditional export partner and new EU member. However, up-scaling standards to the level of EU represent additional burden and a challenge for BiH exporters. Fruit exports to Croatia include fresh pears, frozen raspberries and fresh table grapes, while major exported vegetables are young potatoes, lettuce, peppers, cabbage and gherkins. Exports to other EU member countries, Germany, Austria and Slovenia, mainly

<sup>2</sup> Ministry of Agriculture, Water management and Forestry of Federation of BiH; BHEPA – Bosnia and Herzegovina Export Promotion Agency and Agrolink – Private agency for agriculture and advisory/info services.

involve frozen berries, fresh plums and gherkins. Frozen berries (raspberry, blackberry, blueberry) account for 60% of total exports to Serbia. Certain level of export was achieved in Italy and the Netherlands, followed with increased sales trends to Norway and Jordan. BiH producers also have some export to Russia and Turkey. The Turkish and Russian markets were supplied with apples, cherries and plums. Exports to Russia are largely conducted through intermediaries, and much less through direct sales. Some BiH exporters use Serbian partners as intermediaries for exporting to Russia, given the benefits from free trade agreement Serbia enjoys on the Russian market. Overall, 44% of the surveyed producers perform exports exclusively via intermediaries, while the remaining 56% do it in both ways. The largest part or 45% of fresh fruit and vegetables sale goes through wholesalers/distributors, 35% to green markets and the rest to supermarkets (20%).

One of the major problems of BiH exports of fresh fruit and vegetables is the lack of modern product sorting/calibrating and packaging. Fruits are usually packed in 5-10 kg wooden crates, cherries in plastic containers and vegetables such as cucumbers, peppers and tomatoes in 5-10 kg wooden boxes. Only one of interviewed producers has proper packing facility and is able to adapt to customer requirements. In terms of technical requirements, all respondents prioritized quality of product, food safety standards and packaging as important, 89% rated quantity and assortment whereas 78% rated consistency as very important.

Customers are mainly identified through direct meetings or at trade fairs, which are usually organized by the BiH Foreign Trade Chamber and often with support of organizations such as USAID/Sida FARMA, SIPPO etc. Nobody conducts market survey and very few companies use IT or find clients using the internet. This is seen as one of the issues that need to be addressed as soon as possible. BHEPA - BiH Export Promotion Agency stated presence of very low awareness among business community about the intermediary role they play in finding commercial partners and entering the international markets. Also, marketing and promotional activities practically do not exist and can be characterized as the weakest link in the operation of companies. Isolated companies have direct promotions and only one reported TV and in store promotions.

According to respondents, the main constraints impeding further export growth are related to the inability to meet quality, quantity and continuity in supplying F&V from BiH. Produced quantities are insufficient, very often they are not of required quality (problem of variety structure) and permanence in delivery cannot be secured. For example, predominant apple variety in BiH is Idared (60%) which is no longer in demand on international markets for fresh consumption. Insufficient quantities actually indicate a weak linkage of actors in the value chain as well as underdevelopment of associations of farmers.

At pre-harvest level, the respondents pointed out the issue of weak storage capacities, while they don't see any problems with the procurement of basic inputs such as fertilizers and pesticides. Though it was not clearly noted, in BiH there is an ineffective control system for imported and locally produced seedlings and their certification, i.e. lack of modern breeding and selection service with a network of parent stock nurseries as well as the lack of sufficient capacity of institutions involved in official control and certification.

When it comes to the Post-harvest constraints, interviewed stakeholders stressed out that lack of marketing standards and equipment for calibration, sorting, packaging and labeling of products result in lower finalization of products. It is a huge problem causing significant reduction of products' price. The deficiency of cooling capacities which could considerably extend the season of sales is an additional challenge. Except for a few big ones, most companies have to sell produce relatively quickly, during the season, when prices are significantly lower.

One of the major general constraints is the structure of agricultural holdings/farms consisted of large number of small sized farms (less than 1 ha in area) and just a few large corporate farms with production organized on an area of several hundred hectares. Medium-sized farms (4-10 ha) that

provide largest contribution to the overall production in the European countries are practically non-existing in BiH. However, the relatively small agricultural holdings is not a constraint for the production of high-value and labor-intensive crops such as berries and cucumbers.

BiH also has a potential when it comes to organic farming, however, it still lacks proper legislation on organic production as well as bylaws on Integrated production. Companies do not see significant problems in the area of legislation or non-tariff barriers, which could pose a threat to exports. Though less than before, non-tariff barriers are still present and are mainly related to unnecessary detention of trucks with fresh fruit and vegetables at border crossings for additional analyses. Seasonal ban on exporting to CEFTA countries (mostly Serbia and Macedonia) is also a considerable obstacle for BiH. Finally, Croatia's accession to the EU, which was a significant market for BiH products, reduced export opportunities for potatoes, which was the key product exported from BiH to Croatia.<sup>3</sup>

The level of certified standards implementation at primary producers' level in BiH is low although comparable or better than neighboring countries. According to GlobalGAP report in 2012<sup>4</sup>, there were 537 GlobalGAP certified producers in BiH, which compares to 132 in Croatia and 295 in Serbia. However, most of these producers are very small and are certified as part of group certification. There are in fact only a small number of market integrators-Producer Organizations that are certified under GlobalGAP. Only 6 out of 19 BiH companies that took part in the last Fruit Logistica fair in Berlin in 2014 were in possession of a valid Global GAP certificate.

All of the surveyed stakeholders are unanimous in recognizing the access to capital as one of the major factors limiting export growth and further expansion and modernization of production. Funds, provided by commercial banks are rather expensive. The grace period is short (which is particularly important to fruit producers) while the interest rates are high. Additionally, producers of agriculture products have difficulties to access the available loans as they are unable to satisfy collateral requirements. On the other hand, funds with reasonable interest rate and sufficiently long repayment period are less available while specialized agricultural or loans from development banks are still not available.

Currently, BiH exports 18% of total exports of fresh and processed F&V, including mushrooms to regional markets of which the most significant partner is Serbia accounting for 14% Serbia, and 4% to Montenegro. Exported products include potatoes, apples, pears and plums. When it comes to EU market, the greatest export opportunities are associated with berry fruits, cherries, plums and gherkins as well as all kind of organic fruits and vegetables. As for other markets, respondents see an opportunity for substantial export of apples, cherries and plums to Russia; plums to Turkey; and, vegetables such as potatoes and cabbage to the Scandinavian countries.

Lack of investment capital for development, low purchasing power of consumers and the lack (absence) of adequate support by the state are most commonly stated reasons for stagnant production in BiH in comparison to significant importation of processed fruit and vegetables.

Half of the surveyed processing companies were satisfied with the availability of raw materials and access to equipment and technology whereas most of them expressed certain concerns regarding the availability of skilled workforce.

The majority of processors in BiH are aware of the need for quality assurance and food safety standards, therefore many companies in the recent years have implemented or are in process of

<sup>3</sup> The EU will permit the exports of potatoes from BiH to the EU once it is satisfied that the system of official control and surveillance of quarantine pests of potatoes is equivalent to that in the EU. A decision in this regard is expected to be made by Fall 2014.

<sup>4</sup> [http://www.globalgap.org/export/sites/default/.content/.galleries/documents/120813-InfoKIT\\_FV\\_web\\_en.pdf](http://www.globalgap.org/export/sites/default/.content/.galleries/documents/120813-InfoKIT_FV_web_en.pdf)

implementation of ISO 9000, HACCP system and HALAL standard (usually along with ISO and HACCP). Some also introduced ISO 22000 and Kosher. They believe that the current standards are sufficient even for the very demanding EU market. Two processors additionally expressed strong interest for adoption of IFS commercial standard hoping to improve the quality of their export business. One company dealing with fruit processing has GLOBAL GAP certified raw material and expressed serious interest in organic product certification as a means that would significantly increase the demand for their products. Against the statement of BiH Food Agency, companies and the FBiH Institute of Agriculture see deficiency of accredited laboratories as one significant issue to control the quality of products. (laboratory analysis for presence of heavy metals and pesticide residues). Ultimately, the existing reference laboratories do not have the capacity to do all the necessary analysis.

Within the region, the surveyed companies export F&V to Serbia, Macedonia and Montenegro, but not to Kosovo and Albania. Main exported products to Serbia are berries, distillates and fruit brandy, and to Macedonia fruit juice concentrates. Montenegro is an important destination for pickled vegetables (pickles, roasted peppers, mixed salad, beetroot etc.) but also jams (rosehip, apricot and mixed fruit marmalade), preserved fruits (blackberry, raspberry, sour cherry) and plum spread. Most of the surveyed companies export to Croatia and Slovenia (due to similar consumer taste and preferences). Besides Germany, Austria and Italy, other significant export markets are Switzerland (3.9%), Russia (1,2%) Turkey, USA, Canada, Australia. Few of the respondents reported export to the United Arab Emirates. Exports to EU countries commonly contain pickled products (pickles, roasted peppers, mixed salad, beetroot, ayvar, hot peppers and sauerkraut), distillates, brandies, fruit juice concentrates and to some smaller extent berry jams and marmalades. Export to other countries is diverse and much smaller in scope. A minor part of the export is done through intermediaries, usually to countries that are not in the EU or the region (Russia and Switzerland).

Most of the products are sold through distributors, then to supermarkets and other sales channels and only one of the interviewed processors has established direct sale to specialized organic food stores, hospitals and restaurants. Processed vegetables are packed in glass jars and tins of different volume (from 720 ml to 3 l). Juices are filled in various sized containers - 0.2 l, 0.33 l, 0.5 l, 1 l, 1.5 l, 2 l and 3 l. Preserves are usually packed in glass or plastic containers of 450 g, 720 g, 1 kg, 2.5 kg and 3 kg. Distillates and juice concentrates are exported in tanks or PVC barrels.

Also, surveyed companies (86%) emphasized the importance of achieving marketing standards for adequate packaging and labeling. Customers are usually identified through trade fairs or direct meetings and much less via the internet. Generally, all surveyed companies have rather underdeveloped marketing activities. Only few of them have websites, several use direct promotion and rarely use TV commercials.

Insufficient support of state institutions and inadequate agricultural policy, especially in the food sector is considered as limiting factor to the expansion of production and exports of F&V. Processors import raw materials, that considerably increase the cost of production, thus decreasing the final product price competitiveness. Namely, limited availability of raw materials resulting from poor backward linkages and contracts with producers and lack of cold storages for preservation and extending the season, force processors to operate only few months during the harvesting seasons and to work in two and often in three shifts to maximize throughput capacity. Obsolete packaging facilities are also the reason for noncompliance and insufficient exports. Striving to expand export opportunities sometimes processors develop product portfolios that are too broad and diverse, whereas specialized production could be a much better option. Additional burden are large tax obligations related to engagement of seasonal workforce.

The best export opportunities for processed vegetables are related to pasteurized vegetables, ajvar, vegetable stew, pepper fillets, pickles and tomato juice whereas most prospect fruit products

include natural juices such as wild pomegranate juice, fig jam, fruit distillates and fruit concentrates. The most promising markets for these products are the countries of the region, Croatia, Germany, Swiss market as well as the Scandinavian countries (Norway and Sweden).

The share of supermarkets in the overall sales of fresh fruit and vegetables averages 30%, while sales through green markets is still fairly high with 70%. Recently it shows a declining trend as the consumers are getting more oriented toward supermarkets. Around 90% of processed fruit and vegetables sales are executed through supermarkets. The supermarkets buy around 30% fresh fruit and vegetables from local suppliers, and the rest comes% from imports. This ratio changes to 90% vs. 10% in favor of domestic production in summer, while the situation is reversed in winter. As for the processed fruit and vegetables, 25% is of domestic origin, and 75% imported. The surveyed wholesalers purchase 30% of fresh fruits and vegetables from local producers, and 70% is imported whereas only 20% of processed fruit and vegetables comes from local producers and 80% from imports.

The largest quantity of products is purchased through suppliers (importers), and much less directly. About 50% of fresh fruits and vegetables origin from the countries in the region including apples, tomatoes, peppers, watermelons and eggplant from Macedonia, and apples, plums, cabbage and peppers from Serbia. In supermarkets, about 60% of processed fruits and vegetables including ajvar and spicy vegetable relish (pindžur) are imported from Macedonia, while jams, marmalades, pepper fillets and tomato puree from Serbia. The wholesalers imports account for 30% of fresh fruits and vegetables and about 50% of processed fruits and vegetables from the REG countries. In addition, surveyed wholesale market representative imports vegetables from Albania.

BiH supermarkets and wholesale markets supply tangerines from Croatia, apples from Slovenia, oranges and watermelons from Greece and tangerines, oranges and watermelons from Turkey. The imports from Italy include early vegetables, tomatoes, peppers, cucumbers, as well as fruits which include apples, pears and grapes. The imports from Spain also include early vegetables, grapes and nectarines. Bananas are imported from Ecuador.

On the shelves in supermarkets, processed fruit and vegetables in 220-720 ml. glass jars packaging like ajvar, pickles, pepper fillets, mixed salads, jams and marmalades are mainly imported from Croatia, jams, marmalades and juices from Germany, and pepper fillets and tomato puree from Turkey. Fresh fruits and vegetables come in various packaging from 5-20kg in wood, plastic or cardboard boxes.

Neither supermarket nor the wholesaler stakeholders formally require any specific food safety and quality standards, though they are considered as a plus particularly for supermarkets. Price, product quality and consistency are the main criteria for contracting a supplier. Fresh products often do not have a constant quality; hence continuity in procuring products from a single supplier is a challenge. Generally, the demand for products from the region is expected to grow due to similar taste and consumer habits as well as more favorable prices. Products will be increasingly presented in supermarkets and less and less through wholesale and green markets.

### **Prioritized potential activities for BIH**

Improvements of the quality of products and production technology are of paramount importance for BIH producers and processors. This is a rather long term goal and complex process that would have to start with the improvements in the variety structure. Obtaining quality raw materials so products could satisfy the requirements of consumers today, require serious supply chain strengthening and backward linkages. These should be formalized through contract farming that will guarantee provision of full range of extension services for farmers.

However, some interventions that would surely be very beneficial and give positive results even in the short run are trainings in cooling and storing technology. Optimizing the use of current technology by upgrading the internal technical processes or adoption of some techniques that are not so costly, can secure better treatment and longer shelf life of fresh fruits and vegetables. Also, by providing expertise and coaching, companies could improve the conditions for achieving products standards and better respond to technical specs for calibrating, sorting, packaging and labeling of products. Specifically designed study trip to observe and learn from well-established buyout centers, that have fully functional relations with raw material providers as well as export market side can be exceedingly beneficial.

Assisting companies in adoption of additional food safety standards by introduction of GlobalGAP standard and traceability for fresh producers and exporters and International Food Standard for processors will without a doubt enable Bosnian companies to tackle more sophisticated markets in EU, UK and even overseas. They will be in position to build credibility as reliable supplying partners primarily to supermarket chains in the region including Croatia, Slovenia and Serbia. If they manage to enter some renowned EU supermarket chain even with very modest product portfolio or under their private label, will be seen as a benchmark and have preferential perception on the markets that are less demanding and where IFC for example is not mandatory.

Proper marketing of products is one of the key challenges of companies in identifying new and more profitable markets. Deeper understanding of the consumer preferences, market channels and their specific requirements is necessary for successful trade. Retailers, being much internationalized are implying strict rules that assume decisive knowledge in serving customers' needs. Specialized trainings designed to improve marketing skills and knowledge in the context of exports (market analysis, marketing strategy, trade fairs, visits to potential customers, etc.)

Finally, establishment of packing centers, which will purchase F&V products from local producers, sort/calibrate and pack them according export requirements, specialization of production and orientation to competitive products, new product development such as indigenous products (e.g. jams from indigenous fruit, bestilj (thick, reduced fruit pulp and juice), various preserves, etc.) for processors could open new horizons for adding value to products and secure higher markup and income generation throughout the supply chain.

### 3. Kosovo

The fruit & vegetable sector in Kosovo has shown positive trends in last few years and is considered as leading sector in terms of potential for job creation and income generation. It is still dominated by import, especially for out of the season products, while the country has hyper production during the season (August and September). This affects negatively the trade balance between Kosovo and regional and EU countries. Nevertheless, in last few years the interest of farmers to get involved in agriculture is growing while processors are more interested to increase domestic production and find supplies locally rather than import from the region or EU. The demand for fruit and vegetables is increasing, marking an increase of at least 10% in 2013 only. In last 3-4 years, nearly 95 % of the raw material is purchased locally with some tendency to export raw material to the region (Serbia, Macedonia and Albania).

Fresh fruit and vegetables export from Kosovo to the countries in the region includes small quantities of strawberries, potatoes and tomatoes to Albania, peppers and cabbage to Macedonia, whereas in Serbia and Montenegro cabbage and tomatoes. Main exported processed products are jams, pickles (Macedonia), peppers and ketchup (Albania). Even though traders and collection centers have information and skills to trade regionally, Kosovo is slowly gaining new markets in

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EU. Key international export destinations for fresh produce are Germany and Sweden for fresh peppers and table grapes, potatoes to Turkey as well as processed F&V such as ajvar, mixed vegetables, pickled cabbage and gherkins to Croatia, Austria, Switzerland, Holland, Belgium, Germany, Sweden and other EU countries where Kosovo diaspora is more present. Most of the stakeholders in the region have identified their partners directly, mainly through supermarket chains, while in EU, they achieve export of goods through intermediaries like Kelmendi GMBH for all EU countries and Adelina Company for Sweden. Kosovo also exports potato chips, while fruit juices are showing an overall increasing tendency.

Some of the main constraints affecting trade expansion identified through discussion with main actors from the government and the associations include: quality, quantity, consistency of product, marketing, development policies and finance and, at association level, old mechanization and non-functional irrigation systems as well.

Although quality and price are dominant determinates for business, some of the respondents acknowledged that various technical requirements such as quality of packaging, sorting and grading have significant impact on final purchasing decision and price segment. Regardless of local products' good taste and freshness, traders, processors and supermarkets see higher price of local products as a constraint, which is reducing their capability to compete. Another important factor for accessing new local, regional and international markets is cost of transport that can affect competitiveness of products.

The list of stakeholders participating in the survey in Kosovo included 25 leading producing and processing F&V companies, Apple producer Association, Processors' Association, Farmer Federation, most relevant wholesalers and supermarket chains and Ministry of Agriculture, and Kosovo Food & Veterinary Agency.

According 75 % of stakeholders including those at government and association level, the main obstacle for enhanced companies' growth is access to favorable finance. Extremely high interest rates and landing policies limit the ability for investment in developing better and more efficient production operations, modern buyout and storage centers that will satisfy rigorous standards for export to EU markets and optimize export growth capacity of Kosovo. Lack of finance creates a problem with the cash flow during the season and decreases capacity for purchasing raw materials which negatively affects the trust between actors in the sector. Supermarkets also complete their payments late, affecting the cash flow through the whole value chain. In that regard, banks have to understand better the seasonality and production issues of fruit and vegetable sector and reposition to become partners in business.

At pre-harvest level, farmers are not well organized and have very individual approach. Although inputs and agriculture practices/pest management are observed at good to average level by respondents, weak production practices result in quality of products being not at the desired level. Farmers do not plan their production in accordance with the market demand. Around 25 % of respondents pointed inadequate pre-cooling, sorting and quality of packaging as serious factors restraining quality, price competitiveness, available quantity and consistency of products.

Key issues at post-harvest are rated from average to fair, which clearly indicates a need for interventions at this level. Most of the donor projects are putting more attention on food safety systems and marketing. At the peak of production season the market experiences oversupply of fresh vegetables. Lack of cold storage capacity and insufficient logistic arrangements forces them to sell their products immediately after harvest when the prices are lower. This in return does not allow the sector to have enough volumes of products with the same quality throughout the value chain and limits the competitiveness and trade expansion of local fruit and vegetables. Collection centers haven't fulfilled their role as aggregators who can consistently supply the processing

industry and the local supermarket chains. Obsolete or insufficient use of technology and adequate human resources are also limiting the export growth, and need to be addressed in the future.

The local fresh products are sold in bulk when purchased directly from farmers. Some traders prefer to pack the product themselves before it goes to wholesale or retail market. Apples are packed in 10-12kg carton boxes used for banana, or 6-10 kg apple boxes, tomatoes in 6-8 kg wooden boxes, strawberries in plastic boxes of 500 gr, and peppers in 5kg boxes. The main processed products from Kosovo are pickled somborka pepper, ajvar, gherkins, cabbage. They are usually packed in jars of different weights starting from 350 and 570 grams with most of the quantities sold at 720 grams jars. Some processors also use other types of bigger packaging attractive for larger families like 1 – 2 and 2.5 kg.

Lack of new or advance equipment necessary to improve the quality and increase consistency of local fresh or processed products is identified as a constraint by 10% of stakeholders. Actors within the sector still underestimate the need for skilled workforce and put more emphasis on equipment and construction building. Only 5% of them find identification of new markets and export contracts as a priority need.

Even though equipped with accustomed trading skills, due to long period of absence in direct sale to the regional and EU markets, most of the F&V value chain actors are using intermediaries to sell their products abroad. Kosovo agribusinesses involved in the F&V sector still prefer to find their partners through direct meetings, but in last few years, trade fairs and in-country visits are becoming good means for obtaining suppliers.

Due to their size and turnover, most of the agribusinesses in Kosovo don't invest enough time and money in marketing and promotional activities to support their export sales. According to interviewed respondents, direct promotions are main activities while use of TV/Radio and Newsletters is becoming more important.

For the last several years, wholesalers/distributors and supermarket chains like ETC/Elkos, Interex, Viva Fresh and Albi as domestic and Interex, a French multinational company, have taken the lead in trading with F&V in Kosovo, downsizing the role of the green market. According to information gathered during the interviews with four supermarket chains, three of them have outsourced the fresh F&V sales to specialized traders, while ETC and Albi manage this sector themselves. Based on their responds, the percentage of fresh F&V in total sales vary between 5 and 10% and though they are interested to expand F&V trade, availability of produce that can be continuously supplied locally for a competitive price is a constraint. Local traders, who sell to supermarkets do not sort, grade, and pack appropriately. For example the appearance of local apples in the outlets differs a lot; hence, traders that are supplying supermarkets are enforced to purchase apples from Macedonia, Serbia and Albania. Sometimes, supermarkets face problems even with quality and delivery dynamics of F&V suppliers from the region because they export first class products to EU countries, while other classes are sold locally or regionally. Often delivery dynamics and contract fulfillment by suppliers are challenged.

The consumption of fresh and processed fruits and vegetables is rising, while the market share of supermarkets in the last few years has increased from 20 % to at least 50 %, with a tendency of reaching 80% of the market. Trying to attract more and upper scale customers, supermarket chains are slowly adopting basic technical requirements for their supplier where quality comes first, followed by volumes, consistency, and packaging. Approximately 43 % of fresh F&V supply is ensured from domestic production, whereas 57 % from import whereas 60 % of processed F&V are with domestic origin, in comparison to 40 % imported mainly from regional countries. Supermarkets import directly or through importers/wholesalers, depending from the price and quality offered. Based on the respond, 52 % of the fresh F&V and around 42 % of processed

products are imported from the region whereas other imports are mainly from Turkey, Greece, and Italy, especially the out of season products. Main imported products, like fresh tomatoes, cucumbers, peppers, onions, and cabbage are from Albania, while apples are imported from Macedonia, Albania and Serbia. During the late season, this supply comes from Italy and Greece for fruits and Turkey for vegetables.

According to the surveyed companies besides access to finance, other limiting factors related to non-tariff barriers and legislation have less impact on production and trade of F&V.

Supermarkets still don't have very strict requirements regarding food safety and quality standards for fresh F&V, while for the processed products, they prefer HACCP standard and ISO 9001. Consequently, in the last 3 years, most of the processors implemented HACCP and ISO 9001, or are in the process of implementation. Smaller operations are at the initial level of implementation and only several traders have adopted food quality and safety standards based on the demand of foreign clients, since they are still not specifically required by the local market. Farmers receive information on market requirements with a great delay and there is a clear reluctance for implementing standards. Very few of them have implemented or are in the process of implementing Global Gap. Therefore, sector associations and government bodies consider that the level of acceptance of food quality and safety standards is still low and more time and education is required to adopt and implement them. To achieve accordance with the Kosovo Food Law, all food processors must start with implementation of the seven principles of HACCP by September 2014.

Even though the range and varieties of products are the same, peppers and processed vegetables are mentioned by all respondents as products with the highest potential for export in the region. Somborka peppers and other pepper varieties are purchased as raw material for processing industry in the REG countries. The main export potential in regards to EU countries is supply of niche markets in countries where Kosovo diaspora lives. If the quality and standardization are improved, the expected export increase can be very optimistic, even more than 50% by some respondents. Supermarkets expect demand growth for nontraditional vegetables like broccoli and asparagus, as well as ajvar, pickled vegetables, and jams.

### **Prioritized potential activities for Kosovo**

Regarding interventions and potential activities which could help farms and firms to expand their export opportunities, the respondents have listed improvements in product quality and technology as the first priority, followed by enhanced export marketing, food safety, product standards and new know-how while capacity building was rated as last in interventions needed.

In order to improve the product quality, proposed activities include on-farm assistance in achieving improved production practices like selection of proper seeds and hybrids, production of rootstock, fertilizing, water and pest management, etc. Assistance in improved sorting and grading as well as improvement in storage technology can be provided in a form of capacity building training and direct firm level advice for qualified staff to improve the production process. Resolving postharvest issues would require serious investments in cold storage facilities, calibrating and packing lines but also an extensive training and knowhow transfer to stakeholders is required. Experts' assistance could help companies to optimize the use of current equipment and facilities and address technical issues for introducing new technology and maintenance.

In regards to export marketing, support in developing marketing strategies, facilitated B2Bs, organizing buyers visits, and trade fairs are proposed to address lack of knowledge and information on specific requirements of more sophisticated markets and will enhance companies' export readiness. According to all respondents, the best way to understand market demand is B2B meetings and trade fairs. All these activities have to be developed carefully in timely and

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participatory manner, along with on-site coaching in order to achieve expected effect. Eventually, establishing a regional MIS would be an asset for all the involved parties and enable them to react on time, making right decisions. Through this system, companies can receive information on international markets as well and even work together to consolidate and fulfill demand from EU countries.

Adoption of food safety and quality standards is very important, but according to respondents, this is strongly linked to the other two interventions. The proposed activities should be related to provision of educational trainings for farmers on the importance of implementing food safety standards for compliance with the market requirements and traceability, protection of the health of farmers and other food operators as well as protect the environment by introducing sustainable production. The interventions should focus more on direct observations and sharing experience through study tours and on-site assistance rather than having classical types of trainings. Expansion to new markets and new clients will require adoption of more standards, required mainly by supermarket chains in Europe. IFS, BRC and Halal standards need to be introduced, especially to processors, and more web based information should be provided to involved parties.

Roundtable meetings with banks and other financial institutions and direct assistance in business plans, feasibility studies and investment programs preparation to access more favorable finance will enable farmers, traders, collection centers and processors to invest in upgrading and introducing new advanced technology, which in return will impact value chain growth.

The stakeholders have general knowledge about EU funds but lack information on the documentation required and the application process. At the same time, there is an absence of trust in outsourcing consultants for the service. An information session with EU representatives to present current and future opportunities for the F&V sector to access EU funds including Cross Border Cooperation can encourage companies' inclusion and maybe even initiate joint regional projects.

#### 4. Macedonia

The survey comprised responses from 24 stakeholders in Macedonia including leading F&V companies, two national associations, Federation of Farmers, four relevant supermarket chains and Ministry of Agriculture, Forestry and Water Economy. All of the responding companies are export-oriented companies with already established trade relations at least in the region.

In 2013 Macedonia exported 608.987 tons of Agricultural products for a value of 504.040.384 Euro. Of the total export, 42% went to regional countries such as Serbia, Kosovo, BiH and Albania whereas additional 24,56% to countries in the wider region like Greece, Bulgaria, Montenegro, Croatia and Slovenia. Internationally, Germany, Belgium, USA, Italy and Russia are main trading partners for Macedonian Agribusiness. Fruit and Vegetables export is around 50% in quantity of the total export of agriculture products and has growing trend. However, having an average agricultural plot of 1,6 ha and between 0,5 and 1 ha only for F&V, producers of fruits and vegetables are dominantly small holder farmers, using traditional way of production without sufficient knowhow, ineffective use of mechanization, almost no or inadequate pre-cooling, sorting etc. and low capacity to produce and consistently deliver good quality produce.

In the last five years more advanced buyout centers have been built in the southeastern part of the country where most of the F&V production is organized. They are well equipped and satisfy the requirements of EU buyers and operate as fresh exporters. Less appealing products that are not acceptable for the fresh market are supplied as raw material to processing industry. Majority of processing companies in the country (31) are involved in canning, seven of them have freezing capacities and 2 have drying facilities. Larger portion of them 91% are involved in vegetables processing or have mixed processing lines whereas only 9% of companies are involved in fruit

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processing. The overall installed capacity for processing of F&V is around 120.000 t. of final output. However, due to insufficient raw materials and inability to store the produce and prolong the season, deficiency of financial resources for working capital, the utilization level is around 45%.

More than half of stakeholders rated skilled workforce as average or fair. Processing industry is less satisfied with the skilled workforce than the operators with fresh fruit and vegetables and is also concerned regarding inadequate procedures for engaging seasonal labor. On the other hand, approximately 75% of interviewees', primarily processors, by rating it good or average, confirmed presence of satisfactory equipment and adopted technology, while the fresh F&V operations expressed serious concerns with current conditions.

Majority of processing companies and fresh exporters with cold storage (10) have already adopted HACCP, or are in compliance with HACCP principles. Most of the fresh exporters have implemented (5) or are in the process of implementation of Global GAP (3). Seven companies also have implemented ISO 9000, four adopted BRC, three have Food Safety System 22000 Certification and only one company is IFS certified. In the last four to five years, after the first wave of initial attempts and integrated Government support measures and certified 4,6 thousand ha, organic production is taking off with few good examples in production of mainly corn and wheat but also some fruits and vegetables. Even few processed products like ajvar got organic certification and are present on the shelves in domestic supermarkets and in the region. Yet, this production is very small scale and insignificant in the total production and export sales.

On average, fresh fruit and vegetables represent 5 – 10 % and processed F&V less than 2% of the overall turnover of surveyed supermarkets VERO, Tinex, TUS and Reptil. They supply approximately half of fresh produce and 75-80% of processed F&V products from domestic suppliers whereas the rest of it is imported through intermediaries. From the REG countries they import primarily frozen and canned peas and green beans, ketchup and processed fruits but also potatoes, carrots and onion from Serbia, beetroot and gherkins from Croatia and some from BiH. During the season, depending on the availability and prices on domestic market, they import cucumbers and cabbage from Serbia, tomatoes from Albania and occasionally potatoes and even red peppers from Kosovo. Although, it is not formally a prerequisite for the contract, and very few fresh produce suppliers can fulfill, retailers prefer post-harvest operators that are HACCP, ISO 9000 and/or 22000 certified. Besides quality, key issues retailers face are seasonal availability of fresh products, gaps and fluctuation in prices between domestic production and import. Processors are asked to guarantee consistency and same characteristics of the preserved products during the expiring date. Supermarkets select suppliers through evaluating samples and then individual meetings to assess potential and discuss commercial terms but sometimes they check physical facilities of suppliers.

Serbia with 28%, Bulgaria (9%), Bosnia and Herzegovina (9%), Croatia (7%), Kosovo (7%), Russia (6%) and Belarus (6%) are key export destinations for fresh fruit and vegetables. Main exported fresh products from Macedonian are apples, tomatoes, table grapes, white and red cabbage, watermelons and peppers per priority.

F&V processing industry has also shown increasing trend for the last decade reaching total export of above 50 mil euro in 2013. The domestic market is small and even though there is an increasing trend of buying processed fruits and vegetables in supermarkets, people, especially out of big cities, are still preparing their own preserved products at home. Hence, F&V processing industry is more focused on export. Biggest quantities of processed F&V are exported to EU (49% in 2013) mainly Germany, Italy, Greece, Slovenia, and Austria, whereas the region-Serbia, BIH, Kosovo and Albania including Croatia and Montenegro is an export destination of 42%. Export to Kosovo market considerably increased in 2012 in comparison to 2011. Overseas markets (particularly

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Australia and USA) due to large diaspora from Macedonia and other Balkan countries are also very important export destinations. Main products are homemade Ajvar that in the recent years took over that leading position from industrial Ajvar rated as second and then vegetable mix followed by preserved vegetables mainly roasted peppers and gherkins.

In the region and those that are traditional markets, companies usually export directly, whereas for Russia and Belorussia, as specific markets where local knowledge and network is very relevant for successful sales as well as for overseas markets USA, Australia and Canada some companies use intermediaries. Majority of respondents are present on the markets with packed product and only four companies are exporting both packed products and in bulk. In their trading relations with their current markets, companies are focused to satisfy market requirements, having highest priority on consistency, product appearance and packaging. Fulfilling quality and safety standards, particularly required by supermarket chains and capacity to supply sufficient volumes of unified product varieties are not less important.

Companies usually find their potential buyers at Trade fairs, direct B2B meeting and prearranged in-country visits. In the last decade fresh exporters are attending Fruitlogistica in Berlin and World Food in Moscow as the most relevant trade fairs for fresh produce while processing industry is present at Anuga in Cologne, International Trade Fair in Novi Sad, Serbia, but also participated on World Food in Moscow, Fancy Food in Chicago, USA, as well as many agro food fairs in the region. F&V companies do very little in terms of marketing support for their sales, except when selling to supermarkets where they have some arrangements for participation in circular newsletters and discount flyers, in store or discount promotions. Exporters of fresh, as they do not have appropriate marketing capacity, prefer price markdown or allow certain volume as free sample so the wholesaler or retailer can use it for promotion.

While 45% of the respondents, primarily fresh F&V producers rated the situation with raw material as good, production of fruit and vegetables is mostly organized on the open field and therefore is highly seasonal. There are only several larger glasshouses that use geothermal heating and can produce vegetables for almost 10 months throughout the season starting the harvest mid-February and ending November. All their production is for fresh consumption and almost all goes to export market.

At the same time F&V processing industry is highly dependent on domestic production and supply of agricultural products as raw materials, of which 58% being red peppers. High import tariffs and complicated procedures for imports of fresh produce for processing purposes leaves the industry to rely almost exclusively on arrangements with intermediaries – traders and individual farmers. According to the industry, although extensive efforts have been made for the last several years to encourage contract farming, the bulk of the raw materials are still obtained on ad hoc basis typically just before or during high processing season. Also, the prices vary heavily, depending on the demand for fresh produce in the region and production in the country. This is a serious impediment that prevents the industry to reach its full potential and to conclude larger export contracts.

There are several large importers and distributors for eminent international producers that supply seeds, fertilizers and other inputs for Macedonian F&V production. However, many times smallholder farmers are producing and selecting seeds by themselves from last season products instead of using proved hybrid seeds. This practice helps them to decrease costs. It usually results in having products with lower yield, susceptible to cross fertilization and worsened characteristics. Also, good agricultural practices are still missing for the larger part of F&V producers. Many producers are not doing soil sample analysis to develop proper fertilization programs, their decisions for pest management and chemical protection of crops are rather experience based or in many cases “as the next door neighbor is doing”.

Even though Macedonia is net exporter of fresh fruit and vegetables, particularly in the region, situation at the post-farm gate is still very weak. At the post-harvesting level, consolidators and traders have established solid cooling facilities where they can chill the products before exporting. However, with a few exceptions, there is a lack of advanced buyout centers that can offer full range adding value services like sorting, grading and packing products according highest supermarket standards as well as proper storage of fresh products that can be stored for out of season consumption or processing. Companies committed to extend export sales to EU and other more demanding markets need significant support in transfer of knowhow. Lack of cooling and storing facilities within the processing industry prevents better organization, planning and prolonging the season for execution of the production plans.

Legislation does not hamper export and there are no outstanding issues for fruit and vegetables operators. After the so called green border line for custom services was introduced two years ago, during the season fresh produce can go through the custom procedures at any registered terminal without any additional delays. However companies are experiencing many non-tariff barriers on different borders in the region but also when exporting to Russia, Belarus, Croatia etc and often they are related to current supply/demand dynamics at the market.

Access to finance for investment in expanding capacity, introducing new technology but mostly for working capital before and during the season reduces the faster growth of the F&V industry. Although there are certain instruments encouraged by the Macedonian Bank for Development Promotion like the Agricultural Discount Credit Fund (ADCF) that is a revolving fund for primary producers and processors as well as available favorable funds from EIB, commercial banks that are distributing these instruments are still very conservative and incapable to assess the business idea but rather stalemate the loan with heavy collateral. In the last couple of years some banks and financial institutions started to introduce more advanced financial products like factoring, for-fitting, credit guarantees, export insurance etc. However, F&V exporters and processors consider it as one of the most limiting factors for further export growth.

In their efforts to expand sales, and explore new export opportunities, exporters of fresh fruit and vegetables are asked to continuously (on annual level) certify GlobalGAP at the primary production and guarantee full traceability of their supply. Processing companies that are trading through wholesalers' market channel or work with intermediaries responsible for private label portfolio of retailers are still accepted as partners if they have ISO22000 integrated standard or even only HACCP. Those that are determined to enter in the upper market segments and supply supermarket chains in Western Europe, Scandinavia and UK, are faced with the challenge of getting certified for IFS and BRC. Companies that are more focused on regional markets or exploring possibilities for export on the Middle East with Muslim population are already in the process of implementation of HALAL.

Fresh F&V products export growth opportunity is limited with logistic solutions and distance to which Macedonian producers can be competitive. Tomatoes for example are relatively fragile and cannot take longer transportation; therefore the region will remain the main target market. Export of apples is restricted with the current varieties structure based on Ida Red variety that is accepted for fresh consumption only in the region, primarily, BiH, Kosovo, Montenegro and maybe Bulgaria, but with the newly introduced varieties demanded by the EU market, export of apples can be diversified to Germany, Italy, Slovenia etc. Table grapes probably have higher prospect for export growth though it heavily relies on climatic conditions and domestic production in other producing countries. Serbia, Croatia, Poland, Russia, Belarus are main destination with potential for increased export for table grapes as well as for cabbage. EU and countries in the region will remain key markets for Ajvar, Lutenica, mix vegetables. Belgium, Netherlands and Czech Republic or Poland, but only as a contribution to their own production when exporting to larger markets,

are seen as destinations with higher prospect for frozen vegetables while overseas markets USA, Canada and Australia for pepper based preserved vegetables.

Lack of market analysis, marketing proficiency and stronger marketing presence on key export markets through participation at Trade fairs, B2Bs, and organizing buyers visits are seen as some of the main areas where the F&V industry need assistance. Companies rarely have internal capacity for more in-depth analysis and understanding of consumer insights and market dynamics so most of the time their export decisions are based on personal conclusions from traveling to the target market or some direct contacts. Situation at the post-farm gate for sorting, grading and packing is still very weak so the companies would require significant support in transfer of knowhow through trainings and study tour visits for sharing experience with more advanced F&V operators and buyout centers. Along with expedient upgrading or adoption of latest food safety and quality standards, F&V companies need technical assistance in improving the product quality up to the expectations of target markets. With focused efforts and continuous improvements in overall quality standards and capacity of companies to approach larger and more demanding market channels, and penetration on new markets is expected while sustaining the current ones to expend by 10% but even more importantly to increase the value of exported products from Macedonia.

Majority of companies responded that they are familiar with the opportunities to use EU funds for upgrading standards and improve competitiveness but most of them due to very extensive application procedure have not applied yet. One of the main downsides for utilizing IPARD funds is the restriction for buying only new equipment from EU, candidate countries or Macedonia. Companies often are interested in purchasing second hand equipment in very good condition that satisfies all necessary technical specifications and standards that can be bought for less than half of the price for new one. Technical Assistance in developing project proposals is a priority for most of the companies. Some requested additional information on the EU funding opportunities and would appreciate the project to facilitate in the process of identifying partners and submitting proposals.

### **Prioritized potential activities for Macedonia**

Lack of market analysis, marketing proficiency and stronger marketing presence on key export markets through participation at Trade fairs, B2Bs, and organizing buyers visits are seen as some of the main areas where the F&V industry needs assistance. Companies rarely have internal capacity for more in-depth analysis and understanding of consumer insights and market dynamics so most of the time their export decisions are based on personal conclusions from traveling to the target market or some direct contacts. Organizing visit and facilitation to prearranged B2B meetings with some key importers or supermarket chains on targeted markets will be a straightforward assistance to companies in identifying new export partners and investigating opportunities for new export deals. Another option is to have inbound trade mission in Macedonia of potential importers interested to evaluate product, portfolio, facilities and processes and have B2B meetings with export oriented companies.

Fruitlogistica in Berlin in February for fresh exporters and Anuga in Cologne in October for processors of F&V are the two most important international trade fairs that gather all relevant buyers from EU and other world markets. World Food Kiev was recently transferred to Warsaw, Poland and it is likely to capture the attention of F&V business in Central and SEE. Providing experts' facilitation and coaching of companies in arranging B2B meeting will greatly contribute in optimizing results from exhibiting at these trade fairs.

Recent efforts of fresh F&V operators are focused on planting varieties according market preferences and adapting or constructing new cold storage facilities where produce can be stored for several months and sold out of season. Along with expedient upgrading or adoption of latest

standards, F&V companies need technical assistance in improving the product quality up to the expectations of target markets. Study tour visit to advanced F&V producers under glasshouses and buyout centers for table grapes, apples, peaches as well as tomatoes, cucumbers and cabbage will enable exporters to directly observe and learn on varieties specifics, modern ventilation and heating systems, computerization, soil-less cultivation and irrigation in glasshouses and then calibrating and sorting, packing and storage technology in buyout centers.

Obviously, with Germany and other European countries being the major partners for Macedonian processed fruit and vegetables, F&V processors, particularly the ones that do export directly to supermarket chains are keen to implement ISO22000 and/or IFS and be fully in agreement with the market requirements. ISO22000, IFS, BRC are all-embracing standard that assumes implementation phase, technical audit and certification by accredited certification body. All these steps require comprehensive knowledge and internal capacity of companies to adopt but also to maintain and manage the practice on the day to day basis. Advanced capacity building training for key technologists that are responsible for production processes and standards compliance on how to conduct self-audit within their company can be very beneficial. This is not only for IFS but for all other food safety and quality standards like HACCP and HALAL that is recognized as competitive advantage for exporting to Kosovo, Albania, BiH, Turkey and other countries with significant Muslim population.

Contract farming is still insufficiently applied as mechanism that regulates production and supply so the raw materials are primarily obtained through transactions with either consolidators or individual farmers. This substantially impedes traceability and confidence in secured volumes and quality of products resulting in inability of exporters and processors to plan ahead and sign larger contracts. Training on contract farming benefits and models of contracting could address this problem and strengthen long term planning and overall supply chain competitiveness.

Cooperatives have been promoted as a platform for uniting the interest of farmers especially in terms of bargaining power but even the new law on cooperatives adopted 2012 and considerable subsidies program by the government have not noticeably triggered enhancement of cooperatives. Study tour to learn from good examples on how commercially viable cooperatives operate and play a role of input supplier, consolidator but sometimes also provide post-harvest services and directly export goods, can activate more farmers and agro producing companies to joint forces.

## 5. Serbia

In 2013 the share of agriculture in total exports of Serbia reached 19,2%, while the imports amounted 7,6% of total imports of agricultural products. Fruit production occupies area of 240.000 ha of which plum orchards are established on almost 51%, followed by apple (20%) and sour cherry orchards (10%). Production structure is dominated by stone fruits (drupes) with 64% share, followed by pomes (28%), berry fruits (6%) and nuts (1%) while for berry plantations, absolutely dominant position is held by raspberries with 67% of the total area under berries. Production of vegetables in Serbia, spread on 291.000 ha (2013), roughly equals 50% of the combined total production of vegetables within CEFTA countries. Total vegetables production in 2013 was 2,48 million tones<sup>5</sup>. Vegetable production structure is dominated by potatoes (767.000 tones), followed by cabbages and kale, melons and watermelons, tomatoes (174.500 tons) and peppers (147.287 tons).

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<sup>5</sup> According to study conducted by the Agricultural Faculty of the University of Novi Sad, Serbia

Total exported value in 2013 of F&V was USD 670 million. Export of major fresh fruits including apple, plum, sour cherry and peach shows positive trends and continuous increase <sup>6</sup> in volume and value and in 2013 reached 203.000 tons and value of USD 126 million. In the same period, more than 139.000 tons valued USD 315 million frozen fruits and 34.000 tons worth USD 33,5 million frozen vegetables were exported. Absolute leader in creating export value during 2013 was frozen raspberries with USD 188 million (61.550 tons). All together fresh, frozen and dried fruits export compared to 2012 increased for 29% in value and significant 36% in volume. Fresh apples with export of 116.345 tons in 2013 achieved the highest percentage growth (*89% in volume and 28% in value*).

Russia followed by EU countries is the key destinations for Serbian F&V. Main export market for fresh produce within the region remained Bosnia, along with Montenegro for processed products in retail packaging. Frozen products and processed products are exported to key customers in EU countries (Germany, Belgium, Italy, Austria and France) mainly in bulk for further processing. Russia and EU countries will be key markets for Serbian fruit in coming years, while Middle East countries and Turkey are seen as new potential markets for some products (prunes). Fresh and processed vegetable shows trends of stagnation in export. Yet, within region, extensive export can be expected to Bosnia and Montenegro.

Import of F&V, fresh and processed, in 2013 recorded increase of 4,1% compared to previous year and mainly goes to imports of fresh oranges, bananas, tangerines and lemons from Greece, Italy, Turkey and Croatia (tangerines and re-export of bananas). Processed fruits import remained below 20% mark of total fruit import. Macedonia (especially for tomato and cucumbers), Greece, Italy, Turkey are the main country of origin for imported fresh vegetables with Albania increasing its share in total import of fresh vegetable to Serbia. Macedonia remained the key source for processed vegetables (pasteurized).

According to interviewed stakeholders, consumption of F&V in Serbia is stagnating and only very price competitive products are in demand. Imports from region will remain stable (Macedonia, Albania and Bosnia), but spring crops (early vegetables) will be replaced quicker with domestic production. On the other hand, vegetable processors in Serbia are exposed to very strong competition from Macedonian producers. This is reflected on the shelves of all supermarket chains in Serbia. Main obstacles and constraints that Serbian producers and exporters face are due to lack of systematic approach to agriculture, expensive financing, lack of methodical support for exporters and chaotic market during harvesting season.

During the field research, total of 20 most relevant companies (stakeholders) with core business in fresh and processed F&V were interviewed in Serbia. Companies are operating within F&V sub-sector for 14 years on average, have 62 employees on permanent basis and employ up to 200 seasonal workers during harvest or/and processing period. Product portfolio of interviewed companies consists of major F&V crops produced and exported from Serbia: fresh apple, plum, sour cherry, peach, potatoes, cabbage and carrot, frozen products (berries, sour cherry, plum, pepper) as well as processed F&V (e.g. F&V spreads). Companies exporting fresh are also involved in field production in order to satisfy to certain extend their needs for raw material. Production and storage capacity of interviewed stakeholders vary from 1.200t upward, whereas only one is renting capacities according to requirements. Majority of processors of fruit products (frozen and preserved) buy raw material with domestic origin. Respondents confirmed significant import of fresh early vegetable crops from MK, AL, ITA, and GR for the period until end of June, and strong competition for processed (preserved) vegetable products from Macedonia.

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<sup>6</sup> setback in 2012 due to unfavorable weather conditions

Domestic consumption is expected to remain at current levels but based on demand for products with lower price, total value is expected to decrease. Nowadays, due to aggressive pricing, retail chains are major importers of F&V and by far the most important sales channel where most of the fresh and processed F&V are sold (especially imported). Big importers from earlier period are now focused on supplying smaller outlets. Majority responds pointed finances (Government support through subsidies, expensive loans, purchasing power) followed with insufficient quantities of high quality products (fresh F&V) and competition as some of the main obstacles for trade expansion.

Interviewed fresh and processed F&V producers and exporters recorded satisfactory access to necessary input resources which is rated as “good” with averages ranging from 1,8 for equipment/technology, 2,1 for raw material to 2,4 for skilled workforce on 1-5 scale (1 – excellent to 5 – poor). Quality packaging material for demanding foreign customers rated as 4,0 is considered as an obstacle difficult to overcome. Vast majority of exporters of fresh and processed F&V adopted certain management, quality and food safety standards with HACCP being the most common followed by ISO 9000, GlobalGAP and few BRC. GOST R standard is not adopted from a single interviewed company, despite the extent of export to Russian market. Bosnia and Kosovo, respectively, are the key intra-regional markets for F&V. Four of interviewed companies have sales activities in Bosnia, two companies sell their products to Kosovo and one recorded export to Macedonia whereas all of them consider regional market for export growth. Main products exported to regional markets include: fresh apples, peaches, cabbage, carrots and tomato (mainly to BH and KS), processed F&V in jars (vegetable spreads, pasteurized vegetable and jams).

Russia and EU countries (Germany, Slovenia, Sweden, Czech Republic, France, Italy, Belgium, and Nederland) are key international markets. Products exported to Russia are mainly fresh apples, plums, peaches and prunes and are exported in plastic, wooden and/or carton boxes (trays), packed in 2- and 3-rows (1-row for pears). Prunes are either packed in retail packaging (200g) or bulk in PU bags 10kg. Products that make up export portfolio for EU market are frozen berries (raspberry, blackberry and strawberries), sour cherries and plums packed mainly in 10kg or 20kg carton boxes (4x2,5 kg PU bags). Part of frozen berries export is destined for retailers under private label and is packed in retail carton boxes of 300g and 750g. Fresh F&V, mainly apple, exported to Italy, Germany, Slovenia or Scandinavian countries are exported either in carton boxes packed in 2- or 3-rows or in 300 kg plastic box-containers. Thermally processed branded products are being exported in retail packaging, glass jars (314-720ml) while some products from this category (e.g. plum mousse), is exported to food processors in bulk in 200 kg barrels.

Thermally processed products are being exported to all continents. Foodland Company alone has export activities in more than 25 countries targeting mainly niche category of high quality products and ethno food outlets in Australia, Canada and USA cities with Serbian diaspora. All interviewed companies conduct export activities directly. Some of them also use intermediaries mostly due to inability to individually satisfy volumes required by the foreign customer(s). Companies export fresh and frozen F&V through wholesale channels, whereas seven companies reported direct cooperation with supermarket chains, mainly for fresh products and private label. Producers of thermally processed program gain presence through official distributors.

Most stakeholders (14) are experiencing fairly demanding export markets in terms of technical requirements. Average importance mark reported out of 1-4 range (1 being very important) was 1,3 for Quality/Food safety standards; volumes/ varietal – 1,8; consistency – 1,5; product packaging/label – 1,7.

New customers are approached and new markets acquired mainly on trade fairs (14) and online (10), followed by private contacts/recommendations (8) and during country visits (6). Market analysis is used rarely (2). Marketing activities for export is not where interviewed companies/organizations invest. Without any activity are 6 companies, direct promotions are done

by 5 companies (3 have retail products), in-store promo activities is conducted by two companies, print is used by 3 (catalogues) and only 4 companies attract customers through social networks.

The situation at pre-harvest level is described as good and issues and constraints are rated as follows: raw material - 2,5; good agricultural practice/pest management - 2,0; inputs – 1,6; pre-cooling – 1,5; or an average mark of 1,9 on scale 1-5 (1-excellent to 5-poor). Exporters and processors are trying to secure raw material through their own production or through long-term contracts with cooperative producers. In fact, most of them secure fertilizers to producers that are re-paid in raw material during harvest (fruit and vegetables). Since majority of area for producing berries is under Willamette variety, raspberry processors cannot secure enough high quality seedlings of different varieties such as Meeker. Almost all operators reported good condition cold storage facilities. Although most of the interviewed companies rated it as excellent and good, according to Chamber of Commerce, significant improvement should be done in implementation of good agricultural practice and pest management (they rated as fair - 4). One specific issue noted by F&V processor in planning volumes was securing necessary funds for annual production.

Issues and constraints at post-harvest side have been significantly lowered in the last 5 years, hence the current situation description as good (average rating 1,8). Three potential issues that can limit export potentials: facilities (cold storage, sorting, grading), equipment and internal capacities/HR, are rated with an average of 1,9 that shows organized and well equipped processing industry. Having wholesale as a dominant sales channel and being mostly bulk or larger packaging exporters, quality and food safety standards are considered as being relatively well addressed and rated with 1,6 mark.

Free trade agreements Serbia has with CEFTA, EFTA, EU, Turkey and Russia, legislative (scored 2,7 average) and non-tariff barriers (scored 2,8 av.) are not considered as limiting factors. The biggest obstacle processors face related to legislative issue is particularly related to who, where and how can register buyout point on the domestic market. Financing scored with an average mark 1,3 (1-very limiting) is seen as the biggest obstacle and constraint for export expansion. Explanations include lack of subsidies and expensive bank loans.

Implementation of new standards is important when companies think about future development and new markets/sales channels entry. Therefore, out of 13 companies involved in export, most are interested in obtaining GOST R (5), BRC (4) and IFS (2). Kosher implementation is planned by four companies. Stakeholders showed almost no interest for other standards. Association of F&V processors is planning to introduce HACCP to all members who currently work without any certified standard.

EU and Russian markets are considered as the most prosperous for future export growth. Most prospect products include: apples, plums and berries, all shelve-ready frozen berries, sour cherry, pepper and mixes in retail packaging, prunes (retail and bulk), jams in jars as well as fresh and semi processed products for food processing industry. Fresh apples, pear, peach, apricot, then, pasteurized vegetables and jams, frozen berries in retail packaging are the future key products for trade within the region according to interviewees.

All respondents stated the need for interventions and TA to improve and expand export opportunities particularly through trade fairs, buyers' visits and study tours. Companies are open for new know-how (13) and enhanced export marketing support (14). Good contacts with EU retailers as well as potential buyers from Middle East countries are much appreciated. Seven companies stated interest for TA in improvement product quality/technology and adoption of food safety standards. Based on results from 2013, if sufficient TA is provided all respondents have optimistic view for export increase ranging from 30% to 100% in volume and estimated 70%

increase in value on average in three year period. Further export growth is expected by expansion on current and new market entries on Middle East markets, especially targeting retail segment.

Finally, from 15 exporters/organizations, only one has used EU funds so far, ten companies have knowledge of those funds and four companies are not familiar. As a result, 11 companies would appreciate information on available EU funds, 14 companies/organizations are ready to attend introductory training as well as TA in developing project proposal and 10 companies would prefer TA in the process of identifying partners and submitting proposals.

Three of the largest retail business in Serbia<sup>7</sup> (Delhaize, Mercator and IDEA) that cover above 50% of the food market and three large wholesalers/distributors were interviewed. Fresh F&V amounts for around 10% of total turnover in supermarkets. Apart from Mercator that is more focused on selling domestic products, at least 50% of total fresh F&V that interviewed companies sell, are imported. According to last year Nielsen's report, market leader Frikom has total market share of 72% for frozen vegetables. Processed F&V contribution is lower than fresh in total sales.

Share of imported fresh F&V from REG countries varies from 6% for Delhaize and 25% for Mercator up to 35% for IDEA and Aerofruti. Main imported products, till mid of June before domestic production is ready for the market, include fresh tomatoes, cabbage, cucumbers, pepper, onion and are mostly coming from MK and to some extent AL. Majority of processed F&V are being imported from regional countries, directly by retailers and are offered on the market under private brands of retailers. Respond from supermarket chains showed that 45% to 65% of processed vegetables in jars such as vegetable spreads, gherkins, pepper and beetroot on the shelves are from MK.

Importers mainly purchase oranges, bananas, lemons and tangerines from Greece, Turkey, Spain, Croatia and Nederland. Fresh vegetable is imported from Greece, Italy, Turkey, Nederland and Belgium. Beside early vegetables, such as tomatoes, cucumbers and zucchinis, products such as cauliflower, cherry tomato and potatoes are also imported. One of the interviewed companies is specialized in import of beans and rice usually coming from Canada, Kyrgyzstan and Kazakhstan (beans) and Vietnam (rice). Processed F&V are not imported from international market apart from small quantities under Delhaize PL that comes from Greece. Citruses and some fresh vegetables are imported in bulk in plastic, wooden and/or carton boxes and jars for processed F&V. Delhaize imports F&V only in their own plastic boxes.

Delhaize and IDEA supermarket chains expressed higher restrictions in terms of technical requirements for their current suppliers. However, the survey shows that at the moment, certificates are not compulsory for regional suppliers but chances for cooperation are better if obtained. Currently, it is sufficient for products to fulfill necessary health and safety regulations and pass analysis performed at the custom during import. Importers usually ask international suppliers for Global GAP and HACCP. Key issue and constraint that retailers and wholesalers face is connected with quality of products, especially appearance and shelf life. Many times fresh products are not well sorted and graded and visually differ, do not sustain on shelf as it is expected. This is followed by inconsistent delivery and difficulties to fulfill the agreed dynamics during the high production season. No issues connected with processed vegetables were reported. The only limiting factor, pointed by all retailers, is long procedure for lab analysis at the border that can take up to a week which is too long period for fresh produce.

Retailers ask supplier to support sales through a certain discount as a percentage from total goods sold whereas marketing and promotional activities are secured by retail chains. Wholesalers do not ask for any specific sales support, although commented that some Temporary Price Reduction

<sup>7</sup> Total sales revenue of Delhaize, Mercator and iDEA in 2012 was approximately USD 2,45 billion.

(TPR) activities would be beneficial. Retailers/wholesalers find suppliers at trade fair (5), through in country visits and direct meetings (4) and online (3). Most often suppliers directly approach wholesalers and retailers.

TA is required for suppliers to improve quality of products, marketing support, implementation of HACCP and maybe ISO22000 (essential for supplying retailers), improve packaging and logistics, calibration and sorting, compliance of products with agreed specifications. Better communication and customer management skills are also needed at the supplier's side.

All interviewed wholesalers/retailers have relatively similar procedure for selecting suppliers and in general they have to go through the following steps: send company presentation, followed with a prearranged meeting, facilities visit and audit (some customers), negotiations (volume, dynamics, price..), signing contract with terms and conditions. Fresh F&V suppliers are expected to respond to weekly orders sent in short notice. Interviewees expressed interest in visiting pre-selected group of suppliers (4), hosting group of suppliers (2), individual meetings (5), and receiving samples from suppliers (5).

### **Prioritized potential activities for Serbia**

Export of F&V shows increasing trend in the last several years. On individual level, companies are managing to produce and sell their products to current as well as enter new markets and customers. Further export expansion is very much influenced by the overall business environment including government subsidies, bank(s) support for F&V business, low-cost loans for CAPEX as well as OPEX, state assistance in forming collection & distribution centers etc. Interconnection of all these factors is crucial for further development within F&V sub-sector and stable export growth and would require a systematic approach. One qualitative constraint, difficult to eradicate in short period of time is mentality, mainly presented through resistance to change and adopt modern management and production practices, but rather produce more traditionally in a way that “grandfather used to do”. Often this is reflected in failure to fulfill the entire contract agreement in order to gain few cents more with different partner (issue present in relation between primary producers and processors). According to Ministry of Agricultural, Forestry and Water management, Serbia utilizes only 30% of the opportunities for export of agricultural products to EU.<sup>8</sup>

The prioritized key interventions and needed TA relate to provision of technical assistance for firms to apply/use EU funds. In order to prepare processors and exporters for use of available IPA funds, TA (information brochures, trainings and direct assistance) in stated subject would be of great benefit to companies. Steps to be performed include identification of number of F&V processing and export companies in good standing, contacted through mail and in person if necessary and informing them on available EU funds. This should be complemented with identification of institutions, government agencies, and departments related to Serbia's EU accession process. Following the identification of stakeholders interested in TA, number of introductory and follow up trainings should be organized at locations defined according to geographical spread of TA beneficiaries. Stakeholders will additionally gain advantage from TA in developing project matrix template, direct TA in developing projects to interested companies, the process of identifying partners and submitting proposal for the most prosperous companies.

TA for augmenting export marketing potentials would be essential. A preliminary TA to precede later activities would involve conducting an audit from USAID experts to include production and

<sup>8</sup> Being in negotiation process for accession to the EU, Serbia recently completed the first screening of Chapter 12 related to Food safety, veterinary and phyto-sanitary policy with conclusion that “food safety in Serbia is at the appropriate level, but the legislation must be harmonized with the EU”.

processing facilities, certificates, portfolio, financial health and production process inspection. Organization of buyers' visits to production and processing facilities of large scale companies that fulfill minimum quality/safety/volume requirements for EU and other international markets should be facilitated. Buyers should be preferably from retail industry (large retail chains from EU and other markets), Middle East wholesalers and retailers as well as food processors of final products (e.g. confectionary industry). For companies that fulfill minimum export requirements, support for trade fairs exhibiting in key industry fairs such as ANUGA, SIAL, Fruitlogistica, as well as key fairs in Great Britain and Middle East is fundamental. Support would include providing stand, TA in choosing key products from production portfolio, assistance in promotion approach and strategy, catalogue/brochure printing and webpage design. For companies with insufficient production volume capacities, TA in organizing joint approach and joint promotion on fairs would suffice.

F&V producers and processors would benefit from study tours and on-site exposure to well-developed production regions for the main crop in their portfolio (e.g. Italy for apple and product's finalization, Poland for raspberry and other frozen products, Hungary for lyophilisation). Support is foreseen in TA for developing companies' capacities which include trainings, onsite knowledge transfer on new approaches in storage, processing and production lines and capacities optimization. This may in turn generate a need for TA in identifying suppliers of equipment. In addition, TA in assessing market size, entry barriers and competition, TA in calculating production cost (with included depreciation and amortization) as well as TA in business planning and project development, especially for new product/line development, feasibility study to evaluate potential investment and return of investment are corresponding activities to assist and boost companies' business development.

#### ***IV. Technical requirements for supplying retail chains and wholesalers in the neighboring countries (Bulgaria, Croatia and Slovenia)***

The REG survey also incorporated responses from several large wholesalers/distributors and leading Supermarket chains including Bila, Dira Frukt, Fruttaria and Frukt Korekt in Bulgaria; Konzum, Polodine, Plodovi Fructus and Stjema Promet from Croatia and Merkator, Hoffer and Makedonija-Trade from Slovenia. The purpose was to assess technical requirements, their views and key issues they face when supplying fresh and processed fruit and vegetables from REG countries and main prerequisites that a company need to fulfill in order to become their potential supplier.

<b>SUMMARY of technical requirements for supplying wholesalers/retailers in BG, CRO and SLO</b>
Product quality, competitive price and consistency of deliveries are of utmost importance and main criteria for selecting a supplier and signing import deals.
<b>Main food safety and quality standards required</b>
<i>Wholesalers/distributors</i>
GlobalGAP for fresh, HACCP for processed and BIO for organic products are necessary. Wholesalers that purchase products on behalf of supermarket chains ask for standards requested by the specific supermarket chain like for Tesco standard.
<i>Supermarket chains</i>

Suppliers outside the EU should follow Good Agricultural Practices (GAP) and hygiene procedures equivalent to those established in the EU. Suppliers should operate according HACCP principles and have good management and traceability system ISO 9000 and upgraded ISO 22000 are desired.

It is very likely IFS to be required very soon especially by international supermarket chains.

Konzum as one of the biggest retailers in the region is considering a possibility of developing its own standard called Konzum Quality.

Slovenian supermarkets (ex.Merkator) ask for packed and/or processed fruit & vegetables the supplier should have IFS certification or other at the same level (BRC for example).

## 1. Bulgaria

Macedonia is the first trading partner from the REG countries for Bulgarian importers of F&V, followed by Serbia, Albania and Kosovo. Based on the tariff limitations, as well as the tradition for those countries to trade mainly with their neighboring countries Bulgaria imports least fruit and vegetables from Montenegro and Kosovo. Tomatoes, onion, cabbage and potatoes are the main imported vegetable products, whereas import of fruit is led by grapes, watermelons, melons and apples.

Wholesalers/distributors and supermarkets are interested in establishing a reliable network of producers and distributors from the region. Approximately, fresh F&V make up to 10-15% whereas processed F&V accounts for 5-10% from the total sales of supermarkets. Responses from interviewed stakeholders have shown that the REG countries are recognized and in many cases accepted as suppliers.

Product quality, competitive price and consistency of deliveries are of utmost importance and main criteria for selecting a supplier and signing import deals. Quality control should be guaranteed and maintained so the products respond to the market standard and expectations. Bulgarian supermarket chains require supplying companies to operate according HACCP principles and have good management and traceability system so ISO 9000 and upgraded 22000 are desired. Wholesalers/distributors usually require GlobalGAP for produce and HACCP and ISO 9000 for processors. According their experience, Bulgarian market has very limited ability to absorb premium quality products and premium prices but it is rather more oriented to good quality/value ratio. Fruit and vegetables are in demand all year around so buyers are trying to make the most of seasonally produced F&V in the region. The cost of transportation is rated secondary since the vicinity of REG market and Bulgaria allows fairly competitive and effective logistic arrangements. In general, wholesalers/ distributors and surely supermarkets purchase only packed products. The only exceptions are when the fresh F&V are for further processing. Even the legislation of all REG countries is not fully EU synchronized; there are no outstanding issues to trade noted.

Although there are no major problems, limited trade volume, seasonality aspects and mutual trust for partnership can diminish successful import deals. Some concerns include management practices and business ethics. Bulgarian buyers pointed that often there is a difference between samples that potential suppliers are sending before the deal, usually of excellent quality and appearance and delivered products that are of less quality. This is an obstacle to building long lasting trading relations.

Partnership with suppliers from the EU countries driven by efficient logistics, no taxing and border procedures and high level of quality control are the preferred choice for Bulgarian importers. However, if properly sorted and packed, due to competitive costs for shipping, short delivery period and freshness, plums and apples as well as tomatoes, peppers and potatoes are considered to be the most promising products for future import from REG countries.

Bulgarian wholesales and supermarket chains are identifying suppliers through analyzing the market, at Trade Fairs and through direct meetings (B2B). Well organized incoming or outgoing trade missions are recognized as the most effective way to establish initial contact with potential suppliers. Both, visiting or hosting pre-selected group of suppliers/producers from the region is acceptable along with individual meetings, samples evaluation and matchmaking.

## 2. Croatia

Wholesalers and supermarket chains in Croatia drive 60-80% of the sales of fruits and vegetables and there is an increasing trend over the past several years versus sales on the open green markets. This trend has been encouraged with the fiscal policy introduced in 2013 whereas the only obstacles to further expand F&V trade through retail sector are purchasing power of population and the high costs of distribution.

The domestic origin of produce on the shelves is fairly balanced with fresh products from import. Larger supermarket chains directly import majority of F&V products whereas only exotic fruits are purchased through intermediaries. Supermarkets and wholesalers usually import 12-15% of F&V products from REG countries i.e. fresh salads, cucumbers, tomatoes and potatoes from BiH; tomatoes, cucumbers, peppers, watermelons and table grapes from Macedonia; apples, carrots, cherries, apricot and pears from Serbia. They also import significant quantities of all vegetables from Italy, oranges, lemons, kiwi, table grapes and canned olives from Spain and Greece, grapefruit, mandarins and dried fruits from Turkey and bananas from Latin America. Imported F&V are usually packed for the end market.

Quality of products and food safety products as well as consistency in supplying of specific volume and variety is considered as priority. Product packaging and labeling is also very important except for products that are sold under private label that can be purchased in larger packaging and then repacked in retail packaging. Marketing support is not a strong preference unless new product is promoted on the market. If there is an oversupply or new type of packaging or the goods are of less quality, wholesalers usually require discount to promote the products with the supermarkets. GlobalGAP for fresh, HACCP for processed and BIO for organic products are necessary. Those wholesalers that purchase products on behalf of supermarket chains ask for standards that are requested by the specific supermarket chain like for Tesco standard. Although IFS is not compulsory at the moment, it is very likely to be adopted very soon especially by international supermarket chains. For some countries and suppliers Plodine supermarket asks for OHSAS while Konzum as one of the biggest retailers in the region is considering a possibility of developing its own standard called Konzum Quality.

There are no exceptional legislative or tariff barriers for trading with Croatia. Occasionally, some fresh produce shipments are being detained longer at the border for more thorough phyto-sanitary inspection but this is isolated examples that are not considered an issue.

Overall it is expected demand for F&V to grow, mainly due to downsized production in Croatia as well as more competitive prices of products from the region. Depending on the season, import of tomatoes and cucumbers from Macedonia can be challenged by cheaper offers from Turkey and Spain that supplies good quality products. Serbia will remain a consistent supplier for carrots and raspberries. Croatian wholesalers see opportunities for future import growth from REG countries in products that have standout quality and taste, come from clean production areas or products with sophisticated technology whereas supermarkets are mostly interested to expand product portfolio under private label. In their view, additional assistance to potential supplier from REG countries should be provided in enhancing capacity of companies to preserve the cold chain and required conditions for fresh products from the harvest to the shelf. Packaging and specialization

in several rather than broad assortment of products will lead to professionalization and allow offering good quality products under competitive prices.

As assistance in identifying new potential suppliers, surveyed supermarkets agree to visiting or hosting pre-selected group of suppliers/producers from the region whereas wholesalers are exclusively interested in visiting and checking the facilities and production units of companies and on the spot discussion and negotiation.

### 3. Slovenia

Being a European member state for 10 years, Slovenia has most developed wholesale and retail market from the surveyed countries. Retail sector is consisted of domestic chains led by the mass grocery retailer Merkator which has above 30% market share and 1571 retail outlets in 5 countries of which 500 in Slovenia and large multinational supermarket chains like SPAR, Lidl, Hofer Company as subsidiary of the German group ALDI and E. Leclerc. Through an acquisition, recently 53% of Mercator was bought by Agrokor from Croatia. Over 50% of retail sales are in food (€4.25bn).

The unstable economic situation throughout 2012 and 2013 in Slovenia resulted in lessening the disposable income of consumers so they have become much more prudent when shopping for groceries, planning their purchases in advance and comparing prices among different retailers online and in catalogues. This situation have increased price sensitivity and directed consumers towards discounters operating in the market. In line with this trend, economy private label products, which offer good price-quality ratios, have registered the biggest increase in sales. Mid-priced and universal products have experienced the biggest drop in demand whereas targeting specific consumer needs and launching products in smaller packages have become major trends in retailing in Slovenia.

Slovenia produces less than 40% of F&V whereas the rest is imported. Fresh F&V approximately accounts for 6-7% of the total sales through supermarket chains while processed fruit and vegetables contribute with around 1-2 %. Wholesalers and supermarket chains import directly but also purchase from intermediaries. Import from the REG countries include fresh cucumbers, tomatoes, watermelons, peppers and pepperoni from Macedonia; plums, raspberries, apples and frozen vegetables from Serbia, as well as roasted peppers, pepperoni, ajvar and lutenica from Macedonia and BiH, jams and marmalades from Serbia. Slovenia also imports F&V from Italy, Bulgaria, Turkey, Spain and many other countries.

Upon entry in the EU Slovenian procedures on quality and food safety standards heavily depends on the EU agreed practices for handling of the product from production site to the borders of the EU. Slovenia requires their suppliers outside the EU to follow Good Agricultural Practices (GAP) and hygiene procedures equivalent to those established in the EU. Additionally, wholesalers and particularly supermarket chains are asking companies to provide certificate of conformity with the market standards. For unpacked fresh fruit & vegetables the supplier should have at least the GLOBAL GAP certification. For packed and/or processed fruit & vegetables the supplier should have IFS certification or other at the same level (BRC for example). In rare situations as for much demanded products or during peak season, if the supplier does not have a required certification, retailer can make an internal audit at the supplier site, and all the costs for this has to be paid by the supplier.

Before approaching the buying departments of supermarket chains, potential suppliers would have to know well the market and understand the needs of consumers in Slovenia for offered products. They shall be in position to offer consistent quality of products, appearance and packaging, and satisfy the expectations for delivery dynamics, seasonality and volumes. Supermarket chains seek

Survey to prioritize technical needs in leading Ag sub sectors and identify new export opportunities

for suppliers of fresh and processed fruit and vegetables with a long term vision and sustainable business strategy. If the product offer fits the needs of the retailer, they will proceed with acquiring samples and individual meeting with the company.

Supplying contracts with supermarket chains are complex and considerably binding. The supplier should agree to and sign formal declaration of fulfilling established terms. Illustratively, supplying company should have established internal control based on the HACCP system which allows identification and recognition of microbiological, chemical and physical agents that may represent a health risk, prove of quality with a product specification as the basis for examining constant and unchanged safety and quality of the product, established control to provide a microbiological assessment of compliance, internal control over allergens, the necessary corrective actions, established system for recall/withdrawal of non-compliant products. The supplier should also follow defined rules for labeling the products that are in compliance with the EU provisions terms for resolution to any kind of dispute and many other.

Slovenian consumers are familiar with the products from REG countries. Many companies from Albania, Kosovo, Macedonia and Serbia are well established and successfully sell their products on the market through both wholesalers and supermarket chains. Slovenia is considered as a gate to other EU markets.

## Annex 1 - List of all interviewees

### Albania

LIST OF INTERVIEWEES						
No	STAKEHOLDER (official name)	Core business/products/service	Interviewee Name and Surname	position	telephone	e-mail
1	AGRO IMPORT EKSPORT LIKA	Fresh F&V	Mersin Lika	Manager	355682071890	<a href="mailto:mersin_lika@yahoo.com">mersin_lika@yahoo.com</a>
2	Ristan Janko	Fresh F&V	Ristan Janko	Manager	355674070885	
3	Biti-MO shpk	Fresh F&V	Elton Biti	General Manager	355684037100	
4	Albproduct	Fresh F&V	Josif Gorrea	Manager	355682051166	
5	GOGA Gorican 2011	Fresh F&V	Mystehak Goga	Manager	355694649632	
6	OSHAFI 2011	Fresh F&V	Nurce Oshafi	Manager	355682044874	
7	Shuaip Vrapit shpk	Fresh F&V	Shuaip Vrapit	Manager		
8	Alb Berati (vegetables)	Processed F&V	Mustafa Kajo	Owner	355694022039	
9	MUSAJ OLIVE OIL shpk	Processed F&V	Vesaf Musa	Manager	355692294213	<a href="mailto:kejdamusa30@yahoo.com">kejdamusa30@yahoo.com</a>
10	Sidnej Shpk (vegetables)	Processed F&V	Artan Vladi	General Manager	<b>355692092530</b>	<a href="mailto:sidnejshpk_tirana@yahoo.com">sidnejshpk_tirana@yahoo.com</a>
11	Sejega (vegetables)	Processed F&V	Bledar Sulejmani	Marketing Manager	355696002339	<a href="mailto:bledar.sulejmani@yahoo.com">bledar.sulejmani@yahoo.com</a>
12	COBO	Processed F&V	Petrit Cobo	Manager	355674063115	<a href="mailto:kantina_cobo@yahoo.com">kantina_cobo@yahoo.com</a>
13	HODO Shpk	Processed F&V	Flamur Hodaj	Manager	355692461184	
14	Gjikondi shpk	Processed F&V	Nikolin Gjikonidi	Manager	355692282853	<a href="mailto:gjikondinikolin@yahoo.com">gjikondinikolin@yahoo.com</a>
15	Shpiragu shpk	Processed F&V	Kristaq Gallani	Manager	355682069523	
16	Rural Development Department	Ministry of Agriculture, Rural Development	Fatmira Allmuça	Head of Crop Department	+355 672062149	<a href="mailto:Fatmira.Allmuca@bujqesia.gov.al">Fatmira.Allmuca@bujqesia.gov.al</a>
17	KASH	Lobbying agribusiness organization	Gjon Gaspri	Executive Director	355672003125	<a href="mailto:gjongaspri@yahoo.com">gjongaspri@yahoo.com</a>
18	Farmers Federation of Myzeqeja	Sector Association/Coop/Chamber	Stavri Gjini	President	355692217577	<a href="mailto:far_fed@yahoo.com">far_fed@yahoo.com</a>
19	Hortigor	Sector Association/Coop/Chamber	Luto Goga	Cordinator	355692234491	
20	Agro Koni	Wholesale/Supermarket Chain	Ruzhdi Koni	Manager	355682026534	<a href="mailto:info@agrokoni.com">info@agrokoni.com</a>
21	Ardian Kuka	Wholesale/Supermarket Chain	Ardian Kuka	Manager	355693362815	
22	LEA-2011	Wholesale/Supermarket Chain	Ardian Citozi	Manager	355684021733	
23	AAC- Lushnja	local NGO	Piro Rapushi	Executive director	355 - 68-407 3732	<a href="mailto:a.a.c.lushnja@gmail.com">a.a.c.lushnja@gmail.com</a>

## Bosnia and Herzegovina

No	STAKEHOLDER (official name)	Location	Core business/products/service	Interviewee Name and Sirname	position	telephone	e-mail
1	"Agroimpex doo",	Gradiška	Fresh F&V	Nikola Vukelić	General director	387 51 89 55 26	<a href="mailto:agroimpex@teol.net">agroimpex@teol.net</a>
2	"Jaffa Komerc",	Blagaj, Mostar	Fresh F&V	Nedim Badzak	Director	387 61 27 15 21	<a href="mailto:nedim_b67@hotmail.com">nedim_b67@hotmail.com</a>
3	"Mamex" doo,	Bijeljina	Fresh F&V	Mladen Lazic	Owner of the company	387 55 379 280	<a href="mailto:mamex@teol.net">mamex@teol.net</a>
4	Muriz Fazlić,	Ilijas	Fresh F&V	Muriz Fazlic	Production manager	387 62 40 19 61	
5	"DARS Voce" doo,	Derventa	Fresh F&V	Nikola Daka	Sale manager	387 66 338 680	<a href="mailto:darsvoce@gmail.com">darsvoce@gmail.com</a>
6	Halil Turajlic,	Dubrave, Stolac	Fresh F&V	Halil Turajlic	Production manager	387 61 271 326	
7	"Agroherc" doo,	Čapljina	Fresh F&V	Sočo Milenko	Director	387 36 80 50 94,	
8	"Prijeđorčanka AD",	Prijedor	Processed F&V	Nikola Vukelic	director	387 52 33 99 59	<a href="mailto:vukelic@prijedorcanka.com">vukelic@prijedorcanka.com</a>
9	"Vitamina AD",	Banja Luka	Processed F&V	Svjetlana Kajis	Sector of sale	387 51 33 40 68	<a href="mailto:vitamina@vitamina-kreis.com">vitamina@vitamina-kreis.com</a>
10	"Fana doo",	Srebrenik	Processed F&V	Alen Dzafic	Head of sale	387 35 69 41 59	<a href="mailto:fana.doo@gmail.com">fana.doo@gmail.com</a>
11	"HEKO doo",	Bugojno	Processed F&V	Nihad Ceso	Director	387 30 25 24 20, 387 6	<a href="mailto:hekodoo@gmail.com">hekodoo@gmail.com</a>
12	"SAVA Semberija"	Bijeljina	Processed F&V	Jagoda Krsmanovic	General director	387 66 902 801	<a href="mailto:jagodasavasemberija@gmail.com">jagodasavasemberija@gmail.com</a>
13	"Eco line" doo,	Mostar	Processed F&V	Elvedin Colakovic	Director	387 61 839 427	<a href="mailto:colakovic.e@ecoline.ba">colakovic.e@ecoline.ba</a>
14	"Bajric doo" (former "Fruty fresh d	Bugojno	Processed F&V	Fahrudin Bajrić	Owner of company	387 61 15 42 01	
15	Federal Ministry of Agriculture, Fo	Sarajevo	Sector Institution, Entity level M	Hanefija Topuz	Head of Agricultural	387 33 726 588	<a href="mailto:hanefija.topuz@fmpvs.gov.ba">hanefija.topuz@fmpvs.gov.ba</a>
16	BHEPA, Bosnia and Herzegovina Ex	Sarajevo	Export Promotion Agency	Eldina Begović	Advisor for export	387 61 20 34 20	
17	Cooperative "BIOS",	Visoko	Cooperative	Nermin Kadrić	Director	387 61 74 51 13	<a href="mailto:bios_buco@yahoo.com">bios_buco@yahoo.com</a>
18	Cooperative "PMG ViP",	Gradacac	Cooperative	Salih Duric	Director	387 35 82 14 45	<a href="mailto:pmg-vip@bih.net.ba">pmg-vip@bih.net.ba</a>
19	Wholesale "HECO"	Sarajevo	Wholesale/Supermarket Chain	Edin and Nedim Badzak	Owners and sales	387 61 27 15 21	<a href="mailto:nedim_b67@hotmail.com">nedim_b67@hotmail.com</a>
20	Supermarket "BINGO doo Export Ir	Tuzla	Wholesale/Supermarket Chain	Maida Meskovic	Fresh F&V sector	387 35 36 89 00	
21	Agrolink	Sarajevo	Private ag advisory/info service	Eldina Muftić	Director	387 33 715 225	<a href="mailto:eldina.muftic@agrolink.ba">eldina.muftic@agrolink.ba</a>
22	BiH Food Safety Agency	Sarajevo	State level agency	Nijaz Bajramovic	Deputy of director	387 36 336 950	<a href="mailto:bajramovic@fsa.gov.ba">bajramovic@fsa.gov.ba</a>
23	RS Ministry of Agriculture, Water N	Banja Luka	Sector institution, Entity level M	Sasa Lalic	Senior Expert Adviser	387 51 338 398	<a href="mailto:S.Lalic@mps.vladars.net">S.Lalic@mps.vladars.net</a>
24	Organska kontrola	Sarajevo	Certification body	Mersida Musabegović	Director	387 33 656 501	<a href="mailto:office@organskakontrola.ba">office@organskakontrola.ba</a>
25	Agricultural Institute Sarajevo	Sarajevo	Agriculture Institute	Esad Brkovic	Assistant of Director	387 33 637 601	<a href="mailto:Esad.Brkovic@fzpz.gov.ba">Esad.Brkovic@fzpz.gov.ba</a>
26	Agricultural Institute Mostar	Mostar	Agriculture Institute	Marko Ivanković	Director	387 36 335 050	<a href="mailto:mivankovic@faz.ba">mivankovic@faz.ba</a>

# AgBizMK

## Kosovo

No	STAKEHOLDER (official name)	Location/City	Core business products/service	Interviewee Name and Surname	Position	telephone	e-mail
1	Krusha cooperative	Krushe	Fresh F&V	Selami Hoti	Secretary	377 44 203 945	<a href="mailto:selami_hoti@hotmail.com">selami_hoti@hotmail.com</a>
2	Agrocelina	Xerxe- mulli	Fresh F&V	Fehim Rexhepi	Manager	377 44 350 841	<a href="mailto:pgagrocelina@gmail.com">pgagrocelina@gmail.com</a>
3	EuroTac	Mamushe	Fresh F&V	Nehat Taci	Manager	377 44 183 535	<a href="mailto:nehat-taci@hotmail.com">nehat-taci@hotmail.com</a>
4	Shala Product	Neperbisht/Suhareke	Fresh F&V	Qamil Shala	Manager	377 44 195 932	<a href="mailto:qamil_shala@postribë.com">qamil_shala@postribë.com</a>
5	Kelmendi GMBH	Peje	Fresh F&V	Shefqet Kelmendi	Manager	377 44 138 104	<a href="mailto:shefqetkelmendi@hotmail.com">shefqetkelmendi@hotmail.com</a>
6	ABI (Prizren)	Prizren	Processed F&V	Irfan Fusha	Owner/Manager	377 44 113 430	<a href="mailto:info@abelif.com">info@abelif.com</a>
7	AskFods (Gjilan)	Gjilan	Processed F&V	Agron Namani	Owner/Manager	377 44 502 104	<a href="mailto:agron@ask-foods.com">agron@ask-foods.com</a>
8	Etlinger (Shtime)	Shtime	Processed F&V	Tahir Kokollari	Owner/Manager	377 44 205 908	<a href="mailto:ettlinger-ks@hotmail.com">ettlinger-ks@hotmail.com</a>
9	EuroFood(Prizren)	Prizren	Processed F&V	Mehmet Shala	Manager	377 44 337 585	<a href="mailto:mtshala@hotmail.com">mtshala@hotmail.com</a>
10	Koral (Prishtina)	Prishtine	Processed F&V	Naser Rusinovci	Manager	377 44 199 450	<a href="mailto:naserrusinovci@hotmail.com">naserrusinovci@hotmail.com</a>
11	Moea (Gjilan)	Gjilan	Processed F&V	Alban Ibrahimimi	Manager	386 49 182 471	<a href="mailto:alban.ibrahimi@moea-ks.com">alban.ibrahimi@moea-ks.com</a>
12	Fitimi	Drenas	Processed F&V	Fitim Istogu	Owner/Manager	377 44 183 512	<a href="mailto:fitim.istogu@hotmail.com">fitim.istogu@hotmail.com</a>
13	Biopak	Rahovec	Processed F&V	Ismet Haxhimurati	Owner/Manager	377 44 230 440	<a href="mailto:biopak.shpk@gmail.com">biopak.shpk@gmail.com</a>
14	ETC	Prishtine	Wholesale/Supermarket Chain	Vedat Llonqari	Manager of F&V	386 49 772 726	<a href="mailto:vedatelkos@gmail.com">vedatelkos@gmail.com</a>
15	Interex	Prishtine	Supermarket Chain	Besnik Kida	Manager	377 44 484 621	<a href="mailto:besnik.kida@interex-supermarket.com">besnik.kida@interex-supermarket.com</a>
16	Fatosi Com	Prishtine	Fresh F&V - Interex	Adem Krasniqi	Owner/Manager	386 49 151 276	<a href="mailto:fatosi-com@live.com">fatosi-com@live.com</a>
17	Viva Fresh x 2	Prishtine	Supermarket Chain	Ylber Kuraja	Manager/CEO	386 49 360 489	<a href="mailto:ylber.kuraja@vivafresh-ks.com">ylber.kuraja@vivafresh-ks.com</a>
18	Mediteran Fruit	Prishtine	Fresh F&V - Viva Fresh - partly	Mehdi Aliu	Owner/Manager	377 44 377 516	<a href="mailto:mediteranfruit@hotmail.com">mediteranfruit@hotmail.com</a>
19	Albi	Prishtine	Supermarket Chain	Mentor Humolli	F&V manager	386 49 771 101	<a href="mailto:albishoping@yahoo.com">albishoping@yahoo.com</a>
20	Ministry of Agriculture	Prishtine	Government of Kosovo	Isuf Cikaqi	Director Plant Prod.	377 44 204 541	<a href="mailto:isuf.cikaqi@rks-gov.net">isuf.cikaqi@rks-gov.net</a>
21	IADK/Farmer federation	Prishtine	Farmer Federation	Skender Ramadani	President	377 44 172 621	<a href="mailto:skenderramadani@hotmail.com">skenderramadani@hotmail.com</a>
22	PePeKo	Prishtine	Processor Association	Hartim Gashi	Acting Secretary	377 44 896 914	<a href="mailto:hartim.gashi@hotmail.com">hartim.gashi@hotmail.com</a>
23	Pema	Kovraga, Istog	Apple producer Association	Safet Blakaj	President	377 44 132 907	<a href="mailto:pemakovrage@yahoo.com">pemakovrage@yahoo.com</a>
24	MeAgro	Llugaxhi, Lipjan	Top Fruit producer/vegetables	Mehdi Bresilla	Owner/Manager	377 44 118 471	<a href="mailto:bbresilla@noakos.com">bbresilla@noakos.com</a>
25	Kosovo Food & Veterinary	Prishtina	Government of Kosovo	Ismet Fejzullahu	Phytopanitary	377 44 162 753	<a href="mailto:ismet.fejzullahu@rks-gov.net">ismet.fejzullahu@rks-gov.net</a>

## Macedonia

LIST OF INTERVIEWEES							
NO	STAKEHOLDER (official name)	Location/City	Core business products/service	Interviewee Name and Sirname	position	telephone	e-mail
1	Vardarec	Bogdanci	Fresh F&V	Trajce Kavazov	Production Mng	389-71 369 160	<a href="mailto:vardarec_udovo@yahoo.com">vardarec_udovo@yahoo.com</a>
2	Vardar - Gradsko AD	Gradsko	Fresh F&V	Nikola Derebanov	Executive Director	(+389 43) 216 842	<a href="mailto:n.derebanov@permindeks.mk">n.derebanov@permindeks.mk</a>
3	Agrolozar AD	Strumica	Fresh F&V	Delco Baltovski	Owner and gen Mng	(+389 2) 3297 842	<a href="mailto:kontakt@agrolozar.com.mk">kontakt@agrolozar.com.mk</a>
4	GD Tikves	Kavadarci	Fresh F&V	Mile Milev	Owner and gen Mng	(+389 43) 412 433	<a href="mailto:milev_mile@yahoo.com">milev_mile@yahoo.com</a>
5	Evromak	Strumica	Fresh F&V Wholesaler	Zoran	Owner and gen Mng	389-70-565663	<a href="mailto:zoran@evromak.com">zoran@evromak.com</a>
6	Prespanski Ovoshtari	Resen	Fresh F&V	Mende Ivanovski	Owner and gen Mng	(+389 47) 454 387	<a href="mailto:prespanskiovostari@hotmail.com">prespanskiovostari@hotmail.com</a>
7	AgrofruKtus	Strumica	Fresh & Frozen Veget.	Marjan Kostadinov	Purchasing and sales mng	389-34-383884	<a href="mailto:marjan.kostadinov@agrofructus.mk">marjan.kostadinov@agrofructus.mk</a>
8	Badzo	Bogdanci	Green House	Vasil Sapkarov	Owner and gen Mng	(+389 34) 221 837	<a href="mailto:vasil@badzo.com.mk">vasil@badzo.com.mk</a> ;
9	Turan	Gevgelija	Fresh F&V	Ivan Turanov	Owner and gen Mng	(+389 34) 223 163	<a href="mailto:kontakt@turan.com.mk">kontakt@turan.com.mk</a>
10	Rudine	Skopje	Fresh and Processed	Ivana Markovska	Owner and gen Mng	389 33 411 441	<a href="mailto:rudine@t-home.mk">rudine@t-home.mk</a>
11	Dentina	Strumica	Processed F&V	Trajce Karadakovski	Owner and gen Mng	+389 34 33 44 00	<a href="mailto:mabi_trade@t-home.mk">mabi_trade@t-home.mk</a>
12	Univerzal Promet-AGRAR-Ko	Kocani	Processed F&V	Jasna Stojmirovska	Export Mng	389 33 271 030	<a href="mailto:univerzalp@yahoo.com">univerzalp@yahoo.com</a>
13	Bonum	Skopje	Processed F&V	Aleksandar Ivanovski	Export Mng	389 2 2551 662	<a href="mailto:bonum@t-home.mk">bonum@t-home.mk</a>
14	Lars	Stip	Processed F&V	Darko	Owner and gen Mng	389 32 308 507	<a href="mailto:darkolars@yahoo.com">darkolars@yahoo.com</a>
15	Trgoprodukt (MAMAS)	Strumica	Processed F&V	Boban Zaev	Owner and gen Mng	38934 330 770	<a href="mailto:trgoprodukt.mk@gmail.com">trgoprodukt.mk@gmail.com</a>
16	Vipro	Bogdanci	Processed F&V	Viktor Petkov	Owner and gen Mng	389 34 211 917	<a href="mailto:vipro@t-home.mk">vipro@t-home.mk</a>
17	JomiFood	Veles	Processed F&V	Zoran Avramov	Owner and gen Mng	389 43 523 949	<a href="mailto:jomifood@yahoo.com">jomifood@yahoo.com</a>
18	VERO	Skopje	Supermarket Chain	Georgios Pikounis	Purchasing Department	+389 2 30 88 425	<a href="mailto:stefanm@vero.com.mk">stefanm@vero.com.mk</a>
19	Tinex	Skopje	Supermarket Chain	Trajce Petrovski	Supervisor Brand Mng	389 022727520	<a href="mailto:trajce@tinex.com.mk">trajce@tinex.com.mk</a>
20	Reptil	Skopje	Supermarket Chain	Zvonko Blazevski	Owner and gen Mng	389 2 2402 765	<a href="mailto:zvonko@reptilmarketi.com.mk">zvonko@reptilmarketi.com.mk</a>
21	TUS	Skopje	Supermarket Chain	Sonja Ristevska	Quality standards Mng	389 2 3233 342 ext. 27	<a href="mailto:sonja.ristevska@tus.com.mk">sonja.ristevska@tus.com.mk</a>
22	Ministry of Agriculture	Skopje	Department for F&V anc viti	Zivko Brajkovski	Head of F&V and viticulture D	389 2 3241 813	<a href="mailto:zivko.brajkovski@mzsv.gov.mk">zivko.brajkovski@mzsv.gov.mk</a>
23	MAP	Skopje	National Association of Pro	Saso Risteski	Executive Secretary	389 2 3177 125	<a href="mailto:map@t-home.mk">map@t-home.mk</a>
24	FFRM	Skopje	Federation of Farmers of RM	Marija Gjoshevska Kovacev	Head of Policy and Developm	389 2 3099 042 ext. 12	<a href="mailto:marija.gikovacevic@ffrm.org.mk">marija.gikovacevic@ffrm.org.mk</a>



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## Serbia

LIST OF INTERVIEWEES							
No	STAKEHOLDER (official name)	Location	Core business/products/service	Interviewee Name and Surname	position	telephone	e-mail
1	Delta Agrar d.o.o.	Beograd	Fresh F&V	Nikola Vracar	F&V Sales Director	+381 11 201 23 41	<a href="mailto:nikola.vracar@deltaagrar.rs">nikola.vracar@deltaagrar.rs</a>
2	Agrar Komerc d.o.o.,	Skobalj	Fresh F&V / Wholesale & Export	Sasa Illic	Director	+381 26 479 12 10	<a href="mailto:info@agrarkomerc.com">info@agrarkomerc.com</a>
3	Lenada d.o.o.,	Pirot	Fresh F&V / Wholesale & Export	Vlada Krsmanovic	Sales director	+381 62 760 348	<a href="mailto:vladicak77@gmail.com">vladicak77@gmail.com</a>
4	ASOCIJACIJA FRUIT LAND doo	Subotica	Fresh F&V	Igor Sipraga	Manager	+381 63 62 83 62	<a href="mailto:fruitland@eunet.rs">fruitland@eunet.rs</a>
5	Aerofruti d.o.o.	Sevojno	Fresh F&V	Marko Mandic	Director	+381 31 533 666	<a href="mailto:aerofruti@open.telekom.rs">aerofruti@open.telekom.rs</a>
6	Nikol d.o.o.	Sabac	Fresh F&V	Radisav Nikolic	Mktg Dir. &Co-Owner	+381 15 334 286	<a href="mailto:radisav.nikolic@agronikol.com">radisav.nikolic@agronikol.com</a>
7	Agroprom d.o.o.,	Gornji Tavankut	Fresh F&V	Vladimir Vecic Jovana Vecic	Director	+381 63 232 444	<a href="mailto:jovana@agroprom.rs">jovana@agroprom.rs</a>
8	Pigo-R,	Zabalj	Processed F&V	Jelena Pajic	Director	+381 12 250 066	<a href="mailto:j.pajic@pigo-r.com">j.pajic@pigo-r.com</a>
9	Zdravo organic,	Selenca	Processed F&V	Zdenko Kolar	Commercial manager	+381 21 774 648	<a href="mailto:zkolar@zdravo.rs">zkolar@zdravo.rs</a>
10	Flora,	Ivanjica	Processed F&V	Slobodan Jovanovic	Director	+381 63 619 894	<a href="mailto:sloboflora@gmail.com">sloboflora@gmail.com</a>
11	FRUVELA doo,	Lajkovac	Processed F&V	Vladimir Brkic	Deputy Director	+381 14 3433 459	<a href="mailto:info@fruvela.com">info@fruvela.com</a>
12	MONDI SERBIA D.O.O	Kraljevo	Processed F&V	Polugic Vladimir	Purchasing manager	+381 63 668 924	<a href="mailto:office@mondiserbia.rs">office@mondiserbia.rs</a>
13	ITN GROUP,	ZEMUN	Processed F&V	Aleksandar Markovic	Sales and Marketing Manager	+381 11 3160 328	<a href="mailto:aleksandar.markovic@itn.rs">aleksandar.markovic@itn.rs</a>
14	Foodland,	Belgrade	Processed F&V	Slavica Ranosavljevic Milos Markovic	Marketing Manager Export Manager	+381 11 318 2119 ext.142	<a href="mailto:slavica.ranosavljevic@foodland.rs">slavica.ranosavljevic@foodland.rs</a> <a href="mailto:milos.markovic@foodland.rs">milos.markovic@foodland.rs</a>
15	SIEPA (Serbia investment and Export Promotion Agency)	Belgrade	Export Promotion Agency	Nemanja Jovanovic Igor Novakovic	Export Promotion Advisors	+381 11 3398 243 +381 11 3398 550	<a href="mailto:nemanja.jovanovic@siepa.gov.rs">nemanja.jovanovic@siepa.gov.rs</a> <a href="mailto:igor.novakovic@siepa.gov.rs">igor.novakovic@siepa.gov.rs</a>
16	Serbian Chamber of Commerce	Belgrade	Sector Association/Coop/Chamber	Milada Lukesevic	Senior Advisor	+381 11 3300 900	<a href="mailto:milada.lukesevic@pks.rs">milada.lukesevic@pks.rs</a>
17	Association of F&V Processors	PK Kraljevo	Sector Association/Coop/Chamber	Cane Jovanovic	Association representative	+381 64 852 61 38	<a href="mailto:office@polo-cacak.com">office@polo-cacak.com</a>
18	Mercator Serbia,	Novi Sad	Wholesale/Supermarket Chain	Velimir Draskovic	F&V Director	+381 21 4 888 400	<a href="mailto:velimir.draskovic@mercator.rs">velimir.draskovic@mercator.rs</a>
19	Delhaize Serbia,	Beograd	Wholesale/Supermarket Chain	Milica Golubovic	F&V Director	+381 65 3495 101	<a href="mailto:milica.golubovic@delhaize.rs">milica.golubovic@delhaize.rs</a>
20	Idea d.o.o.	Novi Beograd	Wholesale/Supermarket Chain	Milorad Vasiljevic Sasa Mladenovic	F&V Manager F&V trade department	+381 65 49 56 890 +381 65 850 30 36	<a href="mailto:milorad.vasiljevic@idea.rs">milorad.vasiljevic@idea.rs</a> <a href="mailto:sasa.mladenovic@idea.rs">sasa.mladenovic@idea.rs</a>

## Annex 2 – Final questionnaire

# Survey to assess and prioritize technical needs in leading Ag sub sectors and identify new export opportunities

*(Albania, Bosnia and Herzegovina, Kosovo, Macedonia and Serbia)*

## Introduction by the interviewer:

This interview is conducted within the USAID project on Regional Economic Growth-REG, implemented by SEGURA Consulting LLC with the key Stakeholders in order to assess and prioritize technical needs such as quality standards and certifications in leading AG value chains (fresh and processed fruit and vegetables) of the selected Western Balkan countries and identify key opportunities for companies to expand exports.

Better understanding of export trade circumstances and key constraints, in standards and certifications, that impedes *fresh and processed fruit and vegetable (F&V) producers and exporters in the region* (Serbia, Albania, Kosovo, Bosnia and Herzegovina and Macedonia) will enable the REG Project to make optimal decisions in designing technical assistance to maximize impact in Agribusiness (fruits and vegetables) sector specific objectives.

## GENERAL INFORMATION

Interviewer

Date, time

Country

### STAKEHOLDER

Address:  
contact details:

Representative  
Name, Surname:  
contact details:

Position in  
the organization

Other participants  
at the interview

Core business  
(sub-  
sector/service)

Survey questions

1	<b>Provide short Company/Institution profile</b> - Sector you work in <i>(Fresh/processed fruits and vegetables)</i> - Years' operating - No of employees - Product portfolio - Production capacity per product/product line	<i>For company</i>	<i>For institution</i> <i>Explain relation with the sector</i>
2	<b>Provide short overview of the sector you work in</b> - Domestic production/import - Trends - main obstacles to trade expansion	<i>Explain:</i>	
3	<b>Satisfactory access to necessary input resources</b> a) Raw material b) Skilled workforce c) Equipment/technology d) Other (specify)	<i>Rate:</i> <b>a)</b> 1- excellent, 2-good, 3-average, 4-fair, 5-poor <b>b)</b> 1- excellent, 2-good, 3-average, 4-fair, 5-poor <b>c)</b> 1- excellent, 2-good, 3-average, 4-fair, 5-poor <b>d)</b> 1- excellent, 2-good, 3-average, 4-fair, 5-poor	
4	<b>Quality/food safety standards and systems</b> - Adopted so far( <i>certified</i> ) - in implementation	<i>(Please specify: year certified, upgraded, audited...etc)</i>	
5	<b>Key Intra-regional export markets/countries you sell to:</b>  (AL, BH, KS, MK, SRB)	<i>Please prioritize:</i>	
6	<b>Main products you export on Intra-regional markets</b> (AL, BH, KS, MK, SRB)	<i>Example: SRB (tomatoes, cucumbers and cabbage)</i> <i>Please prioritize:</i>	
7	<b>Key International export markets/countries you sell to:</b>  - EU countries (specify) - Middle East (Turkey, Jordan...specify) - Others	<i>Explain:</i>	
8	<b>Main products you export on international markets:</b>  - EU countries (specify) - Middle East (specify) - Others	<i>Exp. Netherland (potatoes, file peppers in 720mg glass jar...)</i> <i>Please prioritize:</i>	
9	<b>You export directly and/or through an intermediary</b> <i>(specify for which markets)</i>	<i>Explain:</i>	

10	<b>Presence in market channels</b> <ul style="list-style-type: none"> <li>- Wholesale/distributor Green markets</li> <li>- Supermarket chains (specify which chains)</li> </ul>	<i>Explain:</i>
11	<b>Product type/packaging you export</b> <ul style="list-style-type: none"> <li>-</li> <li>- Fresh bulk/packed</li> <li>- Processed bulk/packed</li> </ul>	<i>Explain:</i> (specify product type, types of packaging)
11	<b>Technical requirements on current markets</b> <ul style="list-style-type: none"> <li>a) Quality/food safety standards</li> <li>b) Volumes /varietals</li> <li>c) Consistency</li> <li>d) Product packaging/label</li> <li>e) Other (pls. specify)</li> </ul>	<i>Explain: (requirement/ market/ channel)</i> <i>Rate importance:</i> <ul style="list-style-type: none"> <li>a) 1- very, 2-important, 3-not so much, 4-not</li> <li>b) 1- very, 2-important, 3-not so much, 4-not</li> <li>c) 1- very, 2-important, 3-not so much, 4-not</li> <li>d) 1- very, 2-important, 3-not so much, 4-not</li> </ul> <i>Explanation:</i>
12	<b>Where do you find your clients (potential buyers)</b> <ul style="list-style-type: none"> <li>- Market analysis</li> <li>- Trade Fairs</li> <li>- Direct meetings (B2B)</li> <li>- On line</li> <li>- In country visits</li> <li>- other</li> </ul>	<i>Explain:</i>
13	<b>Marketing and promotional activities you do to support export sales</b> <ul style="list-style-type: none"> <li>- Direct promotions</li> <li>- TV/radio/print/PR</li> <li>- In-store promo</li> <li>- Social networks</li> <li>- Don't do any promo</li> <li>- other</li> </ul>	<i>Explain and prioritize:</i>
14	<b>Key issues and constraints at PRE-HARVEST level limiting export growth</b> <ul style="list-style-type: none"> <li>a) raw material</li> <li>b) inputs (seeds, fertilizers..)</li> <li>c) pre-cooling, storage...</li> <li>d) good agriculture practice / pest management</li> <li>e) other</li> </ul>	<i>Rate current condition:</i> <ul style="list-style-type: none"> <li>e) 1- excellent, 2-good, 3-average, 4-fair, 5-poor</li> <li>f) 1- excellent, 2-good, 3-average, 4-fair, 5-poor</li> <li>g) 1- excellent, 2-good, 3-average, 4-fair, 5-poor</li> <li>h) 1- excellent, 2-good, 3-average, 4-fair, 5-poor</li> </ul> <i>Explanation:</i>
15	<b>Key issues and constraints at POST-HARVEST level limiting export growth</b> <ul style="list-style-type: none"> <li>a) post-harvest (<i>cold storage, sorting, grading, packing, labeling etc</i>)</li> </ul>	<i>Rate current condition:</i> <ul style="list-style-type: none"> <li>a) 1- excellent, 2-good, 3-average, 4-fair, 5-poor</li> <li>b) 1- excellent, 2-good, 3-average, 4-fair, 5-poor</li> <li>c) 1- excellent, 2-good, 3-average, 4-fair, 5-poor</li> <li>d) 1- excellent, 2-good, 3-average, 4-fair, 5-poor</li> </ul>

	<ul style="list-style-type: none"> <li>b) Quality/food safety standards and systems</li> <li>c) Equipment/technology higher value adding</li> <li>d) Internal capacity /human resources</li> <li>e) other</li> </ul>	<p style="text-align: center;"><b>e) 1- excellent, 2-good, 3-average, 4-fair, 5-poor</b></p> <p><i>Explanation:</i></p>
<p><b>16</b></p>	<p><b>Other factors limiting export growth</b></p> <ul style="list-style-type: none"> <li>a) Legislative obstacles</li> <li>b) Non-tariff barriers</li> <li>c) Access to finance</li> <li>d) Other</li> </ul>	<p><i>Explain: (please prioritize)</i></p> <p><i>Rate limitation level:</i></p> <ul style="list-style-type: none"> <li><b>a) 1- very, 2-average, 3-not limiting</b></li> <li><b>b) 1- very, 2-average, 3-not limiting</b></li> <li><b>c) 1- very, 2-average, 3-not limiting</b></li> <li><b>d) 1- very, 2-average, 3-not limiting</b></li> </ul>
<p><b>17</b></p>	<p><b>Specific quality/food safety standards and systems you need (plan) to adopt /upgrade to enhance export competitiveness</b></p> <ul style="list-style-type: none"> <li>○ Occupational Health &amp; Safety Advisory Services (OHSAS) 18801</li> <li>○ GOST R Certificate of Conformity</li> <li>○ HALAL</li> <li>○ International Food Standards (IFS)</li> <li>○ Global GAP</li> <li>○ HACCP</li> <li>○ Organic for EU markets</li> <li>○ ISO 9000</li> <li>○ Food Safety System Certification 22000 (FSSC 22000)</li> <li>○ British Retail Consortium (BRC) standard</li> <li>○ other</li> </ul>	<p><i>Explain: (for which countries/ market(s), which channels/ supermarket chains)</i></p>
<p><b>18</b></p>	<p><b>Most prospect (fresh and processed F&amp;V) products and countries for export growth opportunities</b></p> <ul style="list-style-type: none"> <li>▪ Intra-regional (AL, BH, KS, MK, SRB)</li> <li>▪ International             <ul style="list-style-type: none"> <li>- EU countries (specify)</li> <li>- Middle East (specify)</li> <li>- Others</li> </ul> </li> </ul>	<p><i>Explain: Which products for which market, for which market channels (wholesale, supermarkets), why selected products are competitive</i></p>
<p><b>19</b></p>	<p><b>Key interventions / technical assistance needed for firm to expand export opportunities</b></p> <ul style="list-style-type: none"> <li>- Improve product quality/technology</li> </ul>	<p><i>Explain: (recommend specific intervention/ technical assistance)</i></p>

	<ul style="list-style-type: none"> <li>- Adopt food safety and product standards</li> <li>- Enhanced export marketing (market analysis, marketing strategy, B2B, trade fairs, buyers visits)</li> <li>- New know-how (capacity building, training, study tours)</li> <li>- Other</li> </ul>	
20	<b>Expected export increase if technical assistance provided</b>	Explain: (new entry, volume/value, market segment...)
21	<b>Are you familiar with the opportunities to use EU funds for upgrading standards and improve competitiveness</b>	<ul style="list-style-type: none"> <li>1- Yes, already used EU funds (explain the project and value)</li> <li>2- Yes, but not used so far</li> <li>3- No, not familiar</li> </ul>
22	<b>Technical assistance needed for firm to apply/use EU funds</b>	<ul style="list-style-type: none"> <li>1- Information on EU funds available</li> <li>2- Introductory training</li> <li>3- TA in developing project proposal</li> <li>4- TA in the process of identifying partners and submitting proposal</li> </ul>

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*Interviewer*

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*Stakeholder representative*

## Annex 2a – Final questionnaire for supermarket chains

# Survey to assess and prioritize technical needs in leading Ag sub sectors and identify new export opportunities

*(Albania, Bosnia and Herzegovina, Kosovo, Macedonia and Serbia)*

### Introduction by the interviewer:

This interview is conducted within the USAID project on Regional Economic Growth-REG, implemented by SEGURA Consulting LLC with the key Stakeholders in order to assess and prioritize technical needs such as quality standards and certifications in leading AG value chains (fresh and processed fruit and vegetables) of the selected Western Balkan countries and identify key opportunities for companies to expand exports.

Better understanding of export trade circumstances and key constraints, in standards and certifications, that impedes ***fresh and processed fruit and vegetable (F&V) producers and exporters in the region*** (Serbia, Albania, Kosovo, Bosnia and Herzegovina and Macedonia) will enable the REG Project to make optimal decisions in designing technical assistance to maximize impact in Agribusiness (fruits and vegetables) sector specific objectives.

### GENERAL INFORMATION

Interviewer

Date, time

Country

#### STAKEHOLDER

Address:  
contact details:

Representative  
Name, Surname:  
contact details:

Position in  
the organization

Other participants  
at the interview

Core business  
(wholesale/retail)

Survey questions			
1	<b>Provide short Company profile</b> <ul style="list-style-type: none"> <li>- Domestic/Multinational</li> <li>- No of employees</li> <li>- No of outlets/buyout centers</li> <li>- % of fresh F&amp;V in your total sales</li> <li>- % of processed F&amp;V in total sales</li> </ul>	<i>Explain:</i>	
2	<b>Provide short overview of the market for fresh and processed fruits and vegetables</b> <ul style="list-style-type: none"> <li>- Market share in % (supermarkets vs. green markets)</li> <li>- Trends</li> <li>- main obstacles to expand F&amp;V trade</li> </ul>	<i>Explain:</i>	
3	<b>Where do you buy fresh and processed fruits and vegetables from</b>	<b><i>Fresh F&amp;V</i></b> _____% Domestic production _____% import	<b><i>Processed F&amp;V</i></b> _____% Domestic production _____% import
4	<b>Do you buy fresh and processed fruits and vegetables through:</b> <ul style="list-style-type: none"> <li>- Direct import:</li> <li>- importer/wholesale:</li> </ul>	<i>Explain:</i>	
4	<b>What % of imports are from REG countries</b> (AL, BH, KS, MK, SRB)	Fresh F&V _____%  <i>Explain:</i>	Processed F&V _____%
4	<b>Main Fresh F&amp;V products you supply from REG countries</b> (AL, BH, KS, MK, SRB)	<i>Please match products from country</i> <i>Prioritize countries and products by volume</i> <i>Example: 1. SRB (tomatoes, cucumbers and cabbage)</i>  <div style="text-align: right;"><i>Please specify product (6 digit tariff number)</i></div>	
5	<b>Main Processed F&amp;V products you supply from REG countries</b> (AL, BH, KS, MK, SRB)	<i>Please match products from country</i> <i>Prioritize countries and products by volume</i> <i>Example: 1. MK (Ajvar, Lutenica and beetroot)</i>  <div style="text-align: right;"><i>Please specify product (6 digit tariff number)</i></div>	
6	<b>Main Fresh F&amp;V products you supply from International markets:</b> <ul style="list-style-type: none"> <li>- EU countries (specify)</li> <li>- Middle East (Turkey, Jordan...specify)</li> </ul>	<i>Please match products from country</i> <i>Prioritize countries and products by volume</i> <i>Example: 1. Poland (apples)</i> <div style="text-align: center;"><i>2 Turkey (tomatoes, oranges)</i></div>	

	- Others	<i>Please specify product (6 digit tariff number)</i>
7	<b>Main Processed F&amp;V products you supply from International markets:</b> <ul style="list-style-type: none"> <li>- EU countries (specify)</li> <li>- Middle East (Turkey, Jordan...specify)</li> <li>- Others</li> </ul>	<i>Please match products from country</i> <i>Prioritize countries and products by volume</i> <i>Example: 1. Turkey (file peppers)</i>
8	<b>Product type/packaging you buy</b> <ul style="list-style-type: none"> <li>- Fresh bulk/packed</li> <li>- Processed bulk/packed</li> </ul>	<i>Explain: (specify product type, size of packaging you buy/sell)</i>
9	<b>Technical requirements for current suppliers</b> <ol style="list-style-type: none"> <li>a) Quality/food safety standards</li> <li>b) Volumes /varietals</li> <li>c) Consistency/seasonality</li> <li>d) Product packaging/label</li> <li>e) Marketing support</li> <li>f) Management practices</li> <li>g) Other (pls. specify)</li> </ol>	<i>Rate of importance:</i> <ol style="list-style-type: none"> <li>a) very, 2-important, 3-not so much, 4-not</li> <li>b) very, 2-important, 3-not so much, 4-not</li> <li>c) very, 2-important, 3-not so much, 4-not</li> <li>d) very, 2-important, 3-not so much, 4-not</li> <li>e) very, 2-important, 3-not so much, 4-not</li> <li>f) very, 2-important, 3-not so much, 4-not</li> <li>g) 1-very, 2-important, 3-not so much, 4-not</li> </ol> <i>Explain: (requirement/ market channel)</i>
10	<b>Specific quality/food safety standards and systems you ask from your suppliers</b> <ul style="list-style-type: none"> <li>o Occupational Health &amp; Safety Advisory Services (OHSAS) 18801</li> <li>o GOST R Certificate of Conformity</li> <li>o HALAL</li> <li>o International Food Standards (IFS)</li> <li>o Global GAP</li> <li>o HACCP</li> <li>o Organic for EU markets</li> <li>o ISO 9000</li> <li>o Food Safety System Certification 22000 (FSSC 22000)</li> <li>o British Retail Consortium (BRC) standard</li> <li>o other</li> </ul>	<i>Explain: (for which countries/market(s), which channels/products)</i>  <i>For fresh F&amp;V:</i>          <i>For processed F&amp;V:</i>
11	<b>Key issues and problem you face with FRESH fruit and vegetables suppliers</b> <ol style="list-style-type: none"> <li>a) Quality of products (appearance, shelf life, waste, consistency, packaging..)</li> <li>b) Food safety standards and</li> </ol>	<i>Explain and prioritize:</i>

	<p>systems</p> <p>c) Delivery dynamics, seasonality, volumes,</p> <p>d) Other</p>	
		<i>Specify from which markets/ countries</i>
12	<p><b>Key issues and problem you face with PROCESSED fruit and vegetables suppliers</b></p> <p>a) Quality of products (appearance, shelf life, waste, consistency, packaging..)</p> <p>b) Food safety standards and systems</p> <p>c) Delivery dynamics, seasonality, volumes,</p> <p>d) other</p>	<p><i>Explain and prioritize:</i></p> <p></p> <p style="text-align: right;"><i>Specify from which markets/ countries</i></p>
13	<p><b>Other limiting factors for supplying fresh and processed F&amp;V from REG Countries</b> (AL, BH, KS, MK, SRB)</p> <p>a) Legislative obstacles</p> <p>b) Non-tariff barriers</p> <p>c) Access to finance</p> <p>d) Other</p>	<p><i>Explain: (please prioritize)</i></p> <p><i>Rate limitation level:</i></p> <p>a) very, 2-average, 3-not limiting</p> <p>b) very, 2-average, 3-not limiting</p> <p>c) very, 2-average, 3-not limiting</p> <p>d) very, 2-average, 3-not limiting</p>
14	<p><b>Marketing and promotional activities you acquire from suppliers to support sales</b></p> <ul style="list-style-type: none"> <li>- Newsletter</li> <li>- TV/radio/print/PR</li> <li>- In-store promotion</li> <li>- Social networks</li> <li>- Don't ask any promo</li> <li>- other</li> </ul>	<p><i>Explain and prioritize:</i></p> <p></p>
15	<p><b>Where do you find your suppliers</b></p> <ul style="list-style-type: none"> <li>- Market analysis</li> <li>- Trade Fairs</li> <li>- Direct meetings (B2B)</li> <li>- On line</li> <li>- In country visits</li> <li>- other</li> </ul>	<p><i>Explain:</i></p> <p></p>
16	<p><b>Expected demand growth for fresh and processed F&amp;V products from</b></p> <ul style="list-style-type: none"> <li>▪ Regional (AL, BH, KS, MK, SRB)</li> </ul>	<p><i>Explain: Which products/ country match, for which market channels (wholesale, supermarkets), why selected products are competitive</i></p>
17	<p><b>Expected demand growth for fresh and processed F&amp;V products from</b></p>	<p><i>Explain: Which products/ country match, for which market channels (wholesale, supermarkets), why selected products are competitive</i></p>

	<ul style="list-style-type: none"> <li>▪ International             <ul style="list-style-type: none"> <li>- EU countries (specify)</li> <li>- Middle East (specify)</li> <li>- Others</li> </ul> </li> </ul>	
18	<p><b>Key interventions / technical assistance needed for firms from REG to become your suppliers and/or expand sales</b></p> <ul style="list-style-type: none"> <li>- Improve product quality/technology</li> <li>- Adopt food safety and product standards (<i>specify which</i>)</li> <li>- Secure marketing support</li> <li>- Other</li> </ul>	Explain: ( <i>recommend specific intervention/ technical assistance</i> )
19	<p><b>How REG companies to become your supplier of F&amp;V</b></p>	Please explain the process:
20	<p><b>Would you be interested in:</b></p> <ol style="list-style-type: none"> <li>a) visiting pre-selected group of suppliers/ producers from the region</li> <li>b) hosting group of suppliers/ producers from the region</li> <li>c) individual meetings</li> <li>d) sending samples</li> <li>e) present at training for online application for potential suppliers</li> </ol>	Explain: (prefer visit to each country or host group from REG...)

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*Interviewer*

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*Stakeholder representative*

## **Annex 3 – Completed questionnaires organized by country**

Questionnaires – Albania

Questionnaires – Bosnia and Herzegovina

Questionnaires – Kosovo

Questionnaires – Macedonia

Questionnaires – Serbia

**\*Provided in electronic version**

## **Annex 4 – Aggregated results per question, per country**

**\*Provided in electronic version**

Excel table1: Aggregated results per question AL

Excel table2: Aggregated results per question BIH

Excel table3: Aggregated results per question KS

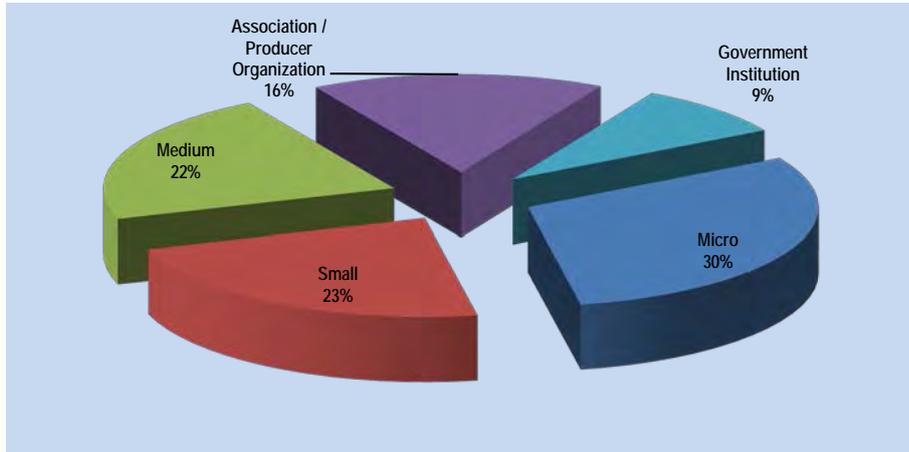
Excel table4: Aggregated results per question MK

Excel table5: Aggregated results per question SRB

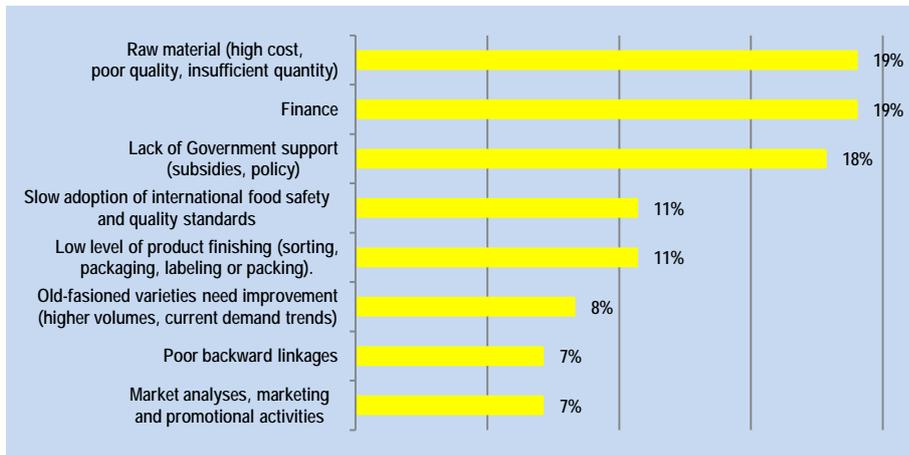
## Annex 5 – Aggregated results per question for the region as a whole

### Q1: Company/Institution profile

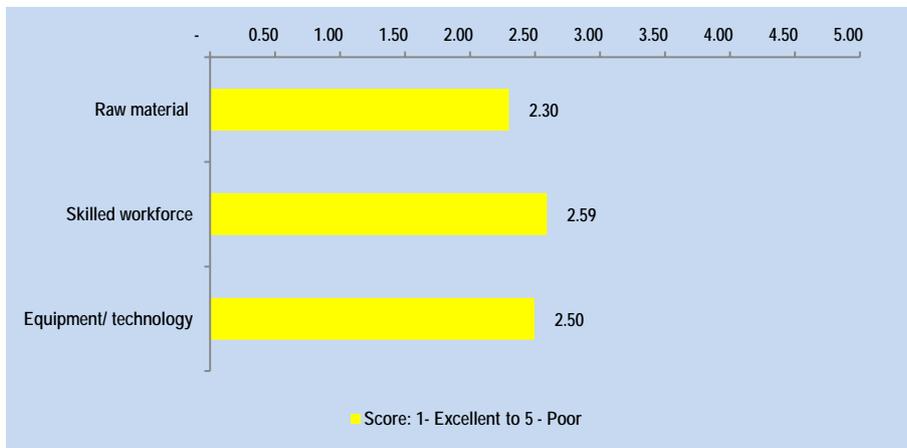
Structure of the interviewed companies/ institutions by number of employees



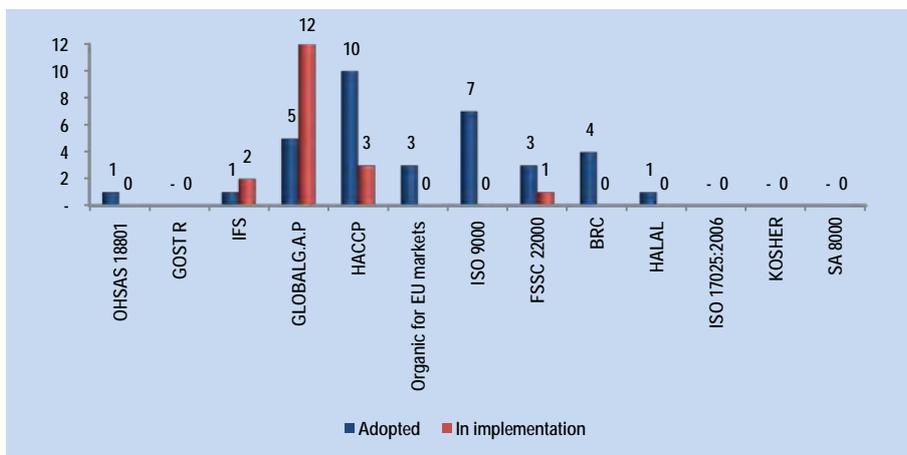
### Q2: Overview of the main obstacles to trade expansion in the Fresh and Processed Fruit and Vegetable sectors in the REG



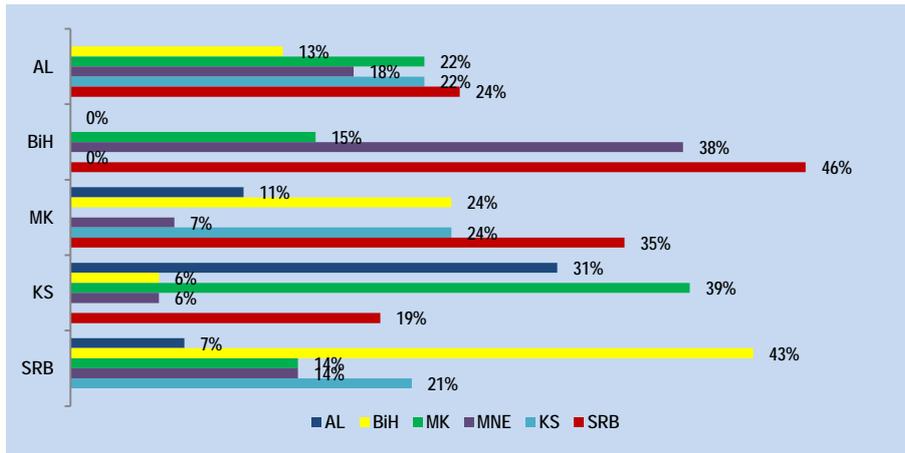
## Q3: Satisfactory access to necessary input resource



## Q4: Quality/food safety standards and systems

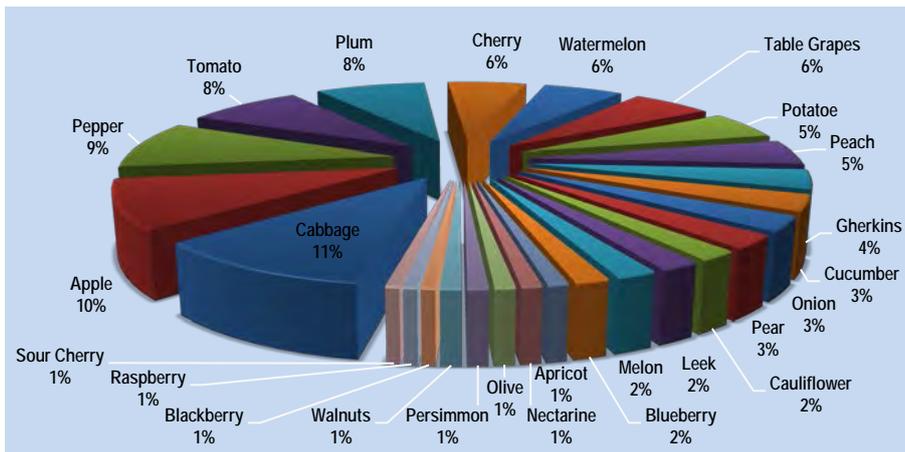


Q5: Key Intra-regional export markets/countries REG sell to:

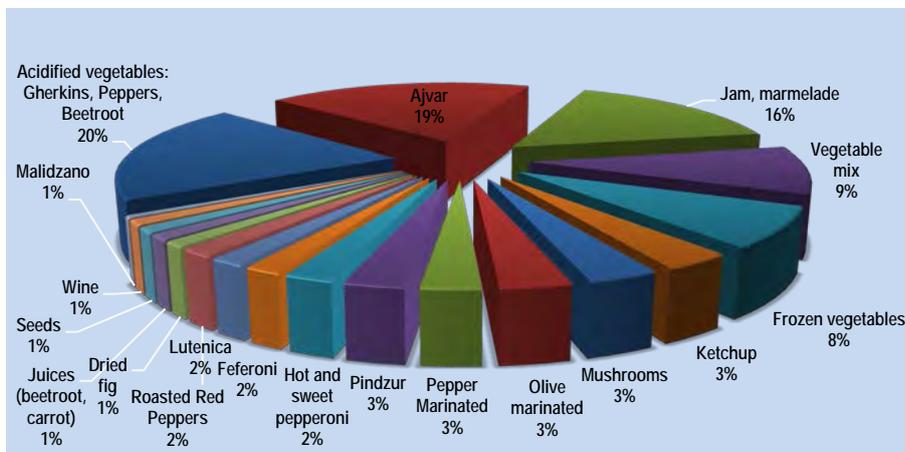


Q6: Main products exported in the REG market

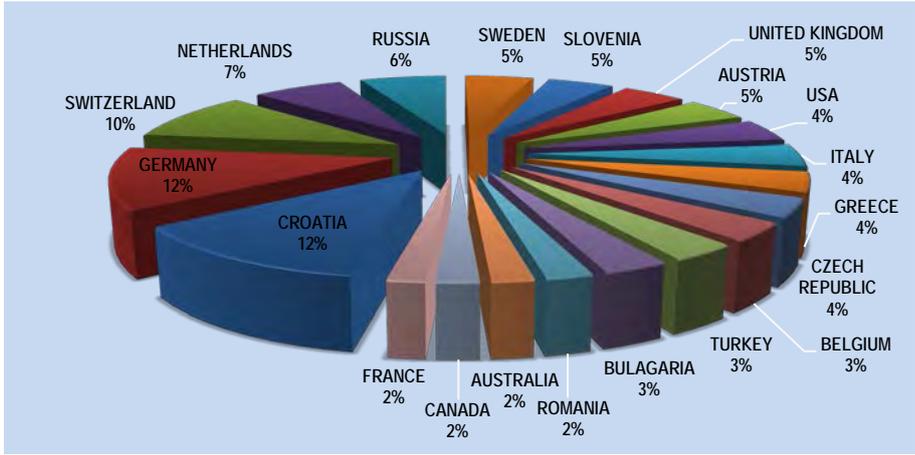
a) Fresh Fruit and Vegetables



b) Processed Fruit and Vegetables

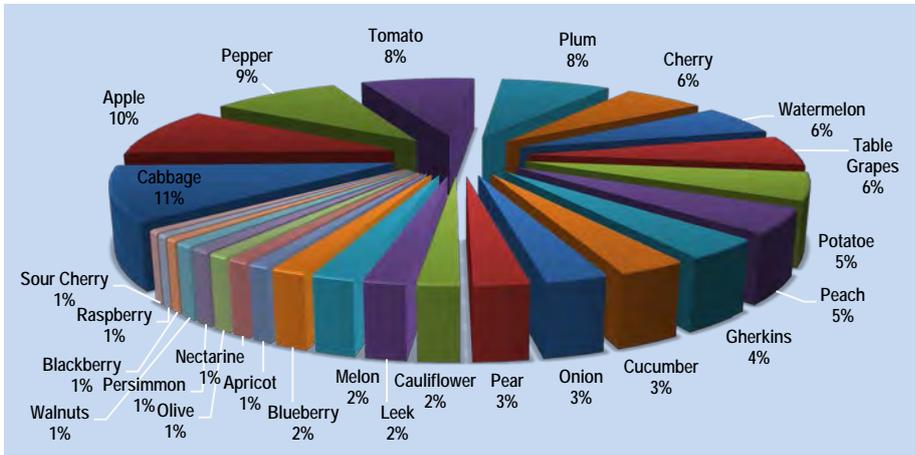


Q7: Key International export markets/countries REG countries sell to:

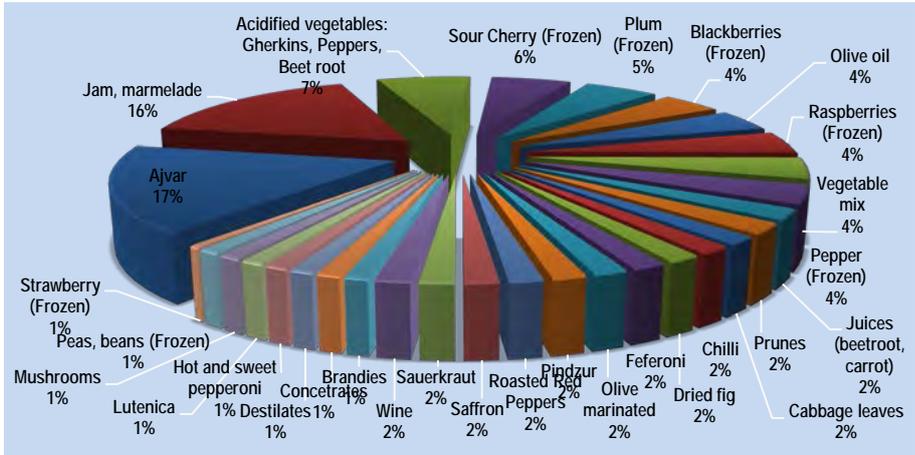


**Q8: Main products REG countries export on international market**

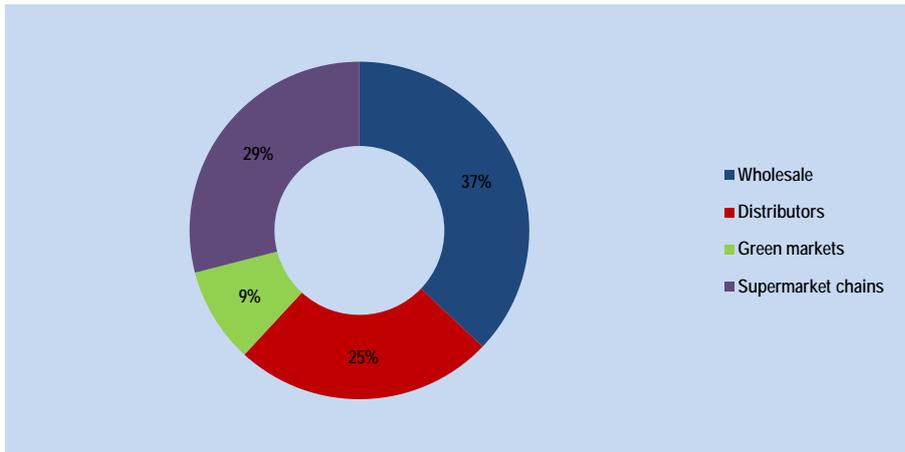
**a) Fresh Fruit and Vegetables**



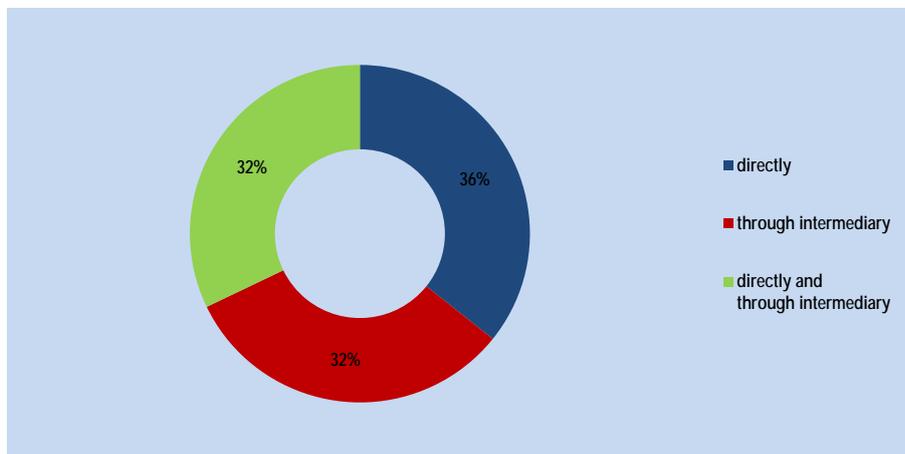
**b) Processed Fruit and Vegetables**



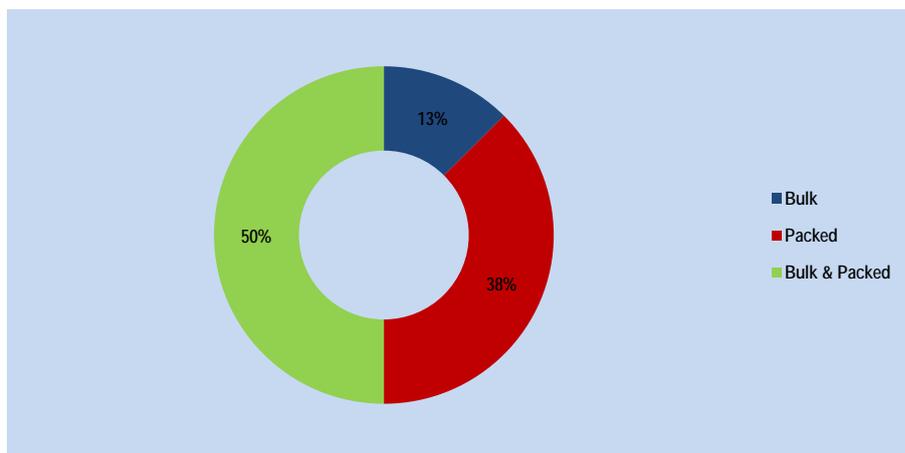
Q9: You export directly and/or through an intermediary



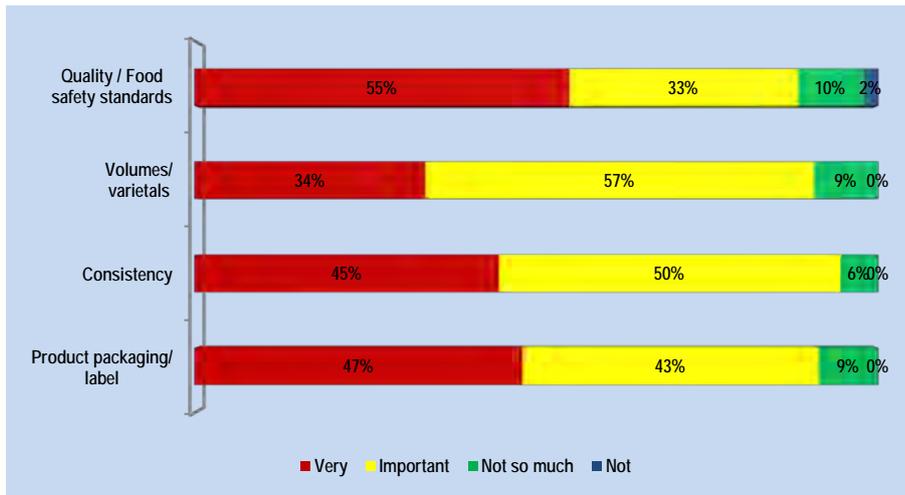
Q10: Presence in market channels



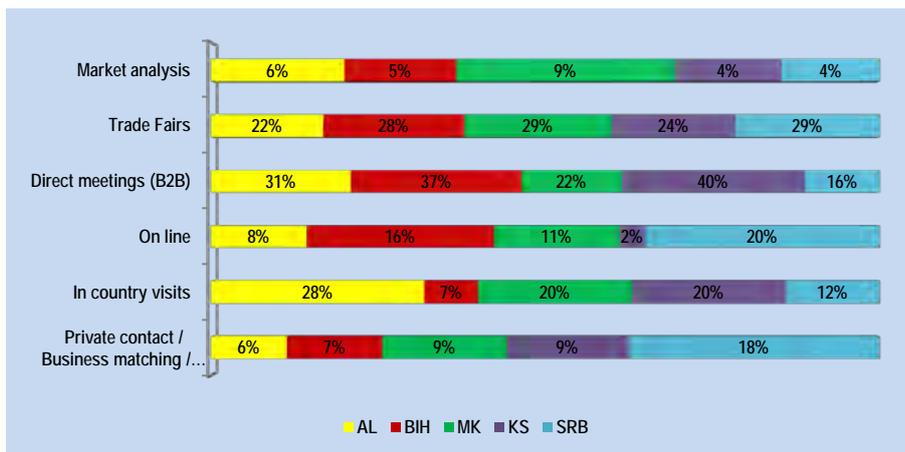
Q 11: Product type/packaging you export

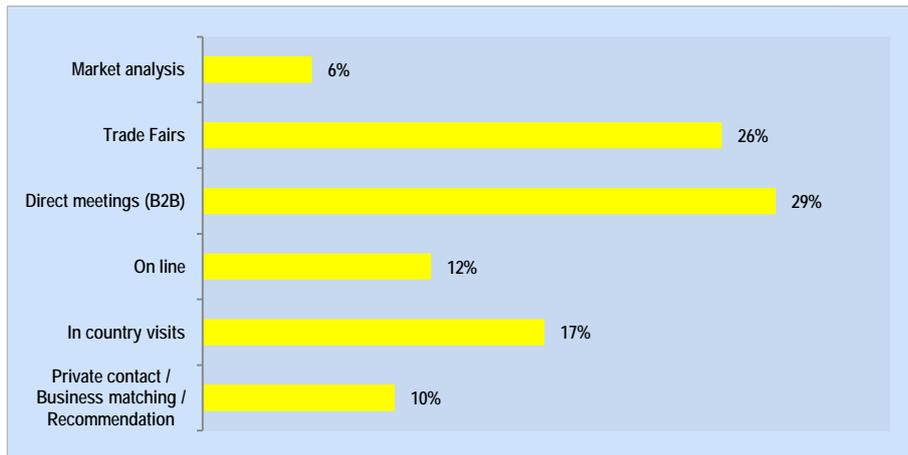


## Q12: Technical requirements on current markets

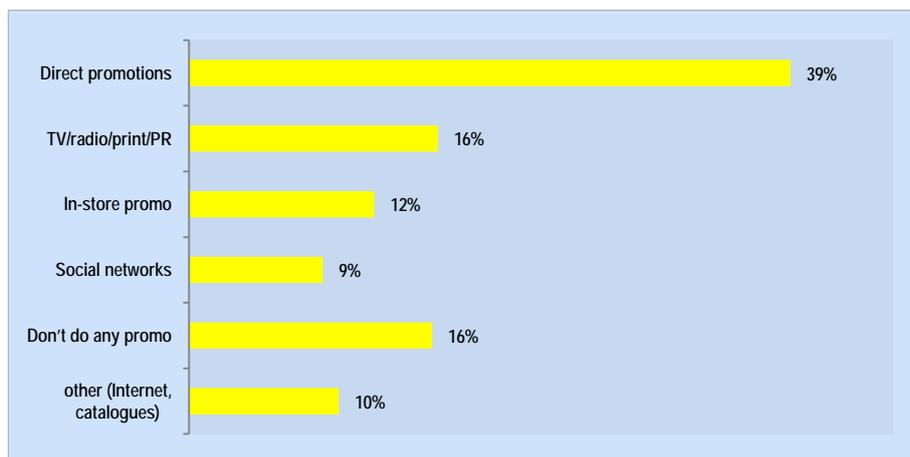
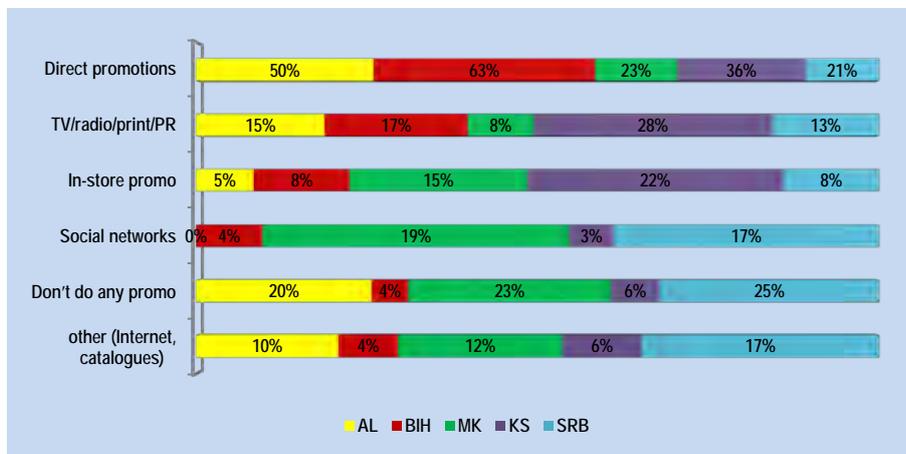


## Q13: Where do you find your clients (potential buyers)

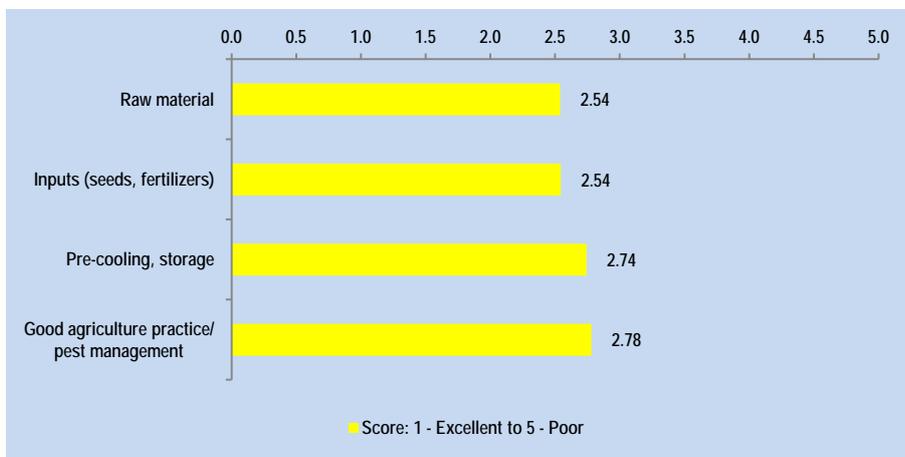
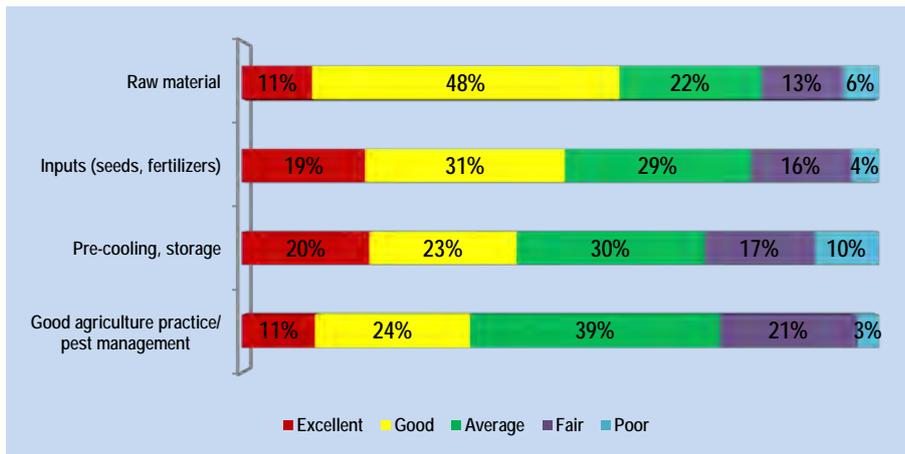




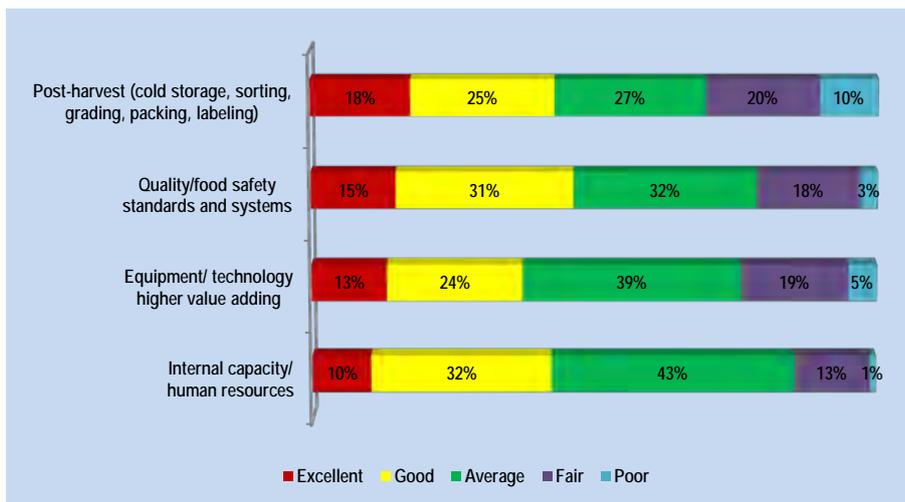
Q14: Marketing and promotional activities you do to support export sales



## Q15: Key issues and constraints at PRE-HARVEST level limiting export growth

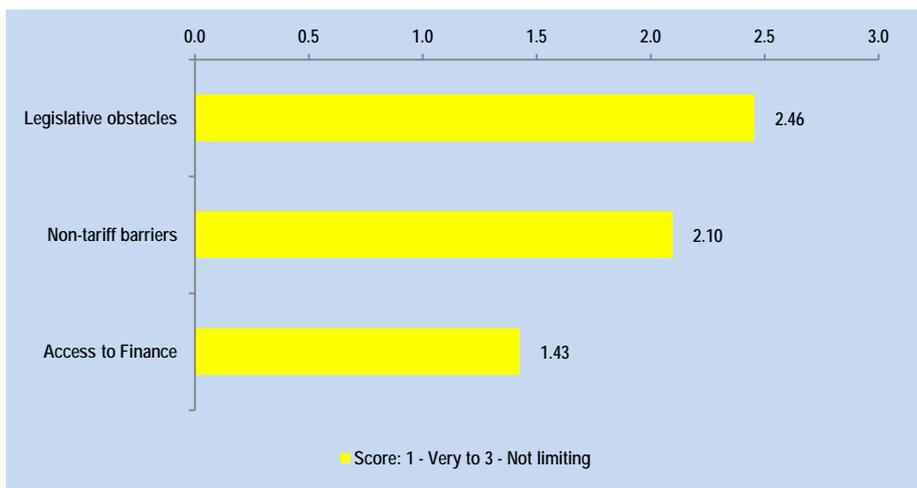
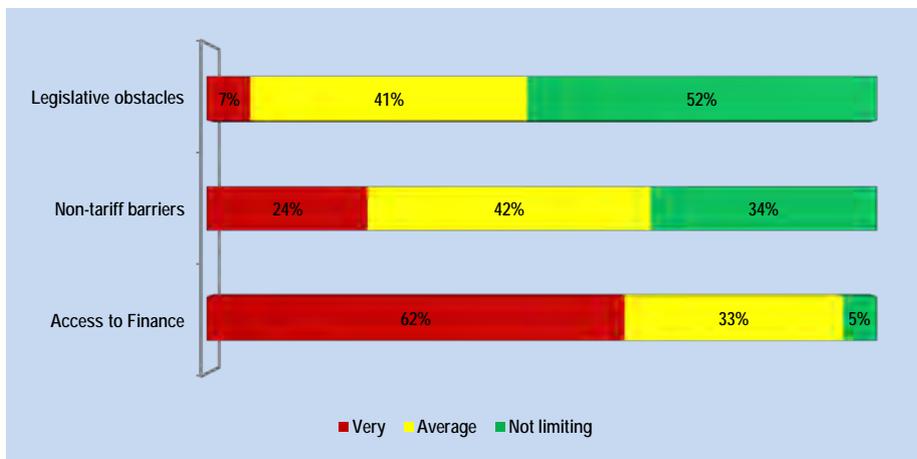


## Q16: Key issues and constraints at POST-HARVEST level limiting export growth

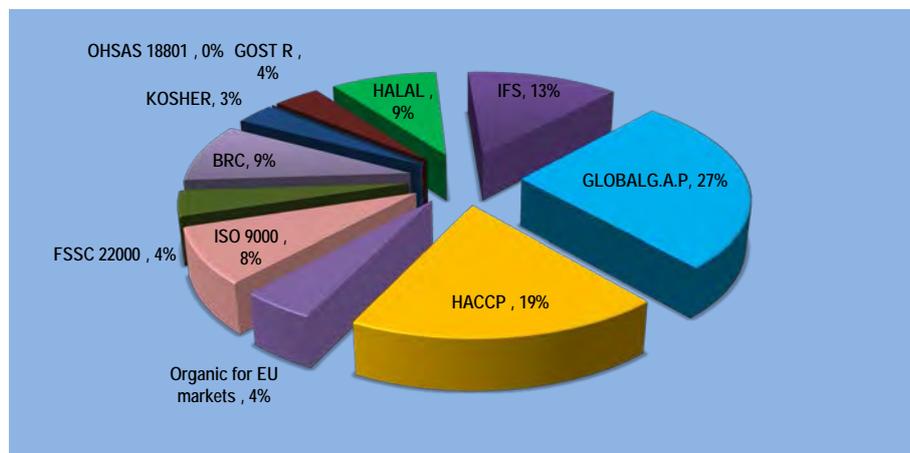




**Q17: Other factors limiting export growth**



Q18: Specific quality/food safety standards and systems you need (plan) to adopt /upgrade to enhance export competitiveness



Q19: Most prospect (fresh and processed F&V) products and countries for export growth opportunities

	Product 1	Product 2	Product 3	Product 4	Product 5	Product 6	Product 7	Product 8
AL	Watermelon	Tomato	Olive oil	Olive marinated	Melon	Dried fig	Olive	Cabbage
Market	REG, CRO, POL, RUS	REG, CRO, POL, RUS	REG, EU	SRB, MK	CRO, POL	SRB, MK	KS, SRB	REG
BIH	Cherry	Raspberries	Apple	Cucumber	Peach	Ajvar	Plum	Nectarine
Market	REG, EU, RUS	REG, GER, ITA	REG, EU, RUS	REG, EU	REG, EU, RUS	AL	EU, RUS	REG, EU
MK	Ajvar	Table Grapes	Cabbage	Watermelon	Tomato	Pepper	Apple	Gherkins
Market	REG, CRO, GER, AUT, CHE	GER, POL, NOR, SWE, GBR, RUS	SWE, LIT, RUS, POL, BLR, UKR	REG, SWE, CZE, LIT	REG, BGR, CRO, SLO	REG, CRO, SLO	BGR, ITA, GER, ME	REG, GER
KS	Potato	Pepper	Cabbage	Ajvar	Jam, marmelade	Tomato	Fruit juice	Gherkins
Market	REG	GER, ITA, CHE, SWE, MD, SRB, ME	SRB, GER, AUT, DNK, ME	AL, EU, ME	EU, ME	EU, ME	REG	EU, ME
SRB	Apple	Jam, marmelade	Prune	Berries (Frozen)	Peach	Plum	Berries	Sour cherry (Frozen)
Market	KS, GER, ITA, RUS, SWE, FRA, GBR, ME	ISR, RUS, GER, REG	RUS, TUR, ME	GER	RUS, BIH, KS	GER, RUS	SWE, DNK, GER, ITA	EU, GER, POL, ME

## MOST PROSPECT FRESH PRODUCTS

## COUNTRY

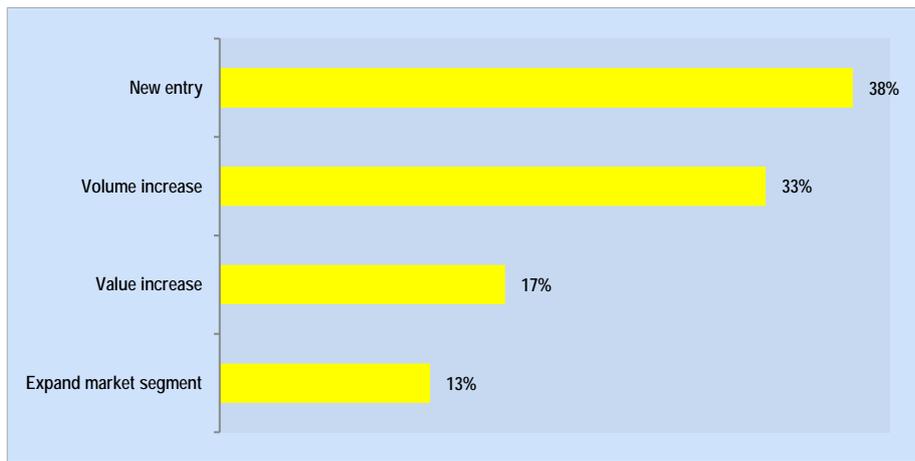
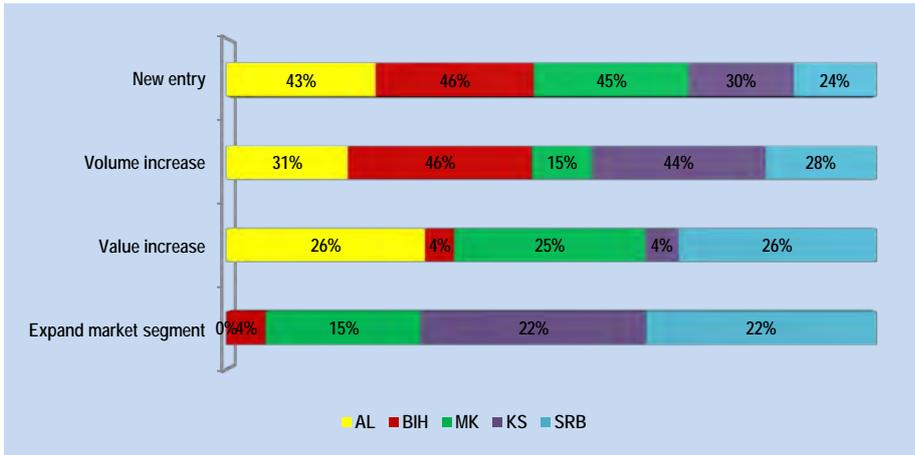
1	Cabbage	REG, SWE, GER, AUT, DNK, LIT, POL, BLR, RUS, UKR, ME
2	Tomato	REG, CRO, POL, BGR, CRO, SLO, RUS, ME
3	Apple	REG, BGR, ITA, GER, GER, ITA, SWE, FRA, GBR, RUS, ME
4	Plum	EU, GER, RUS
5	Peach	REG, EU, RUS
6	Pepper	REG, CRO, SLO, GER, ITA, CHE, SWE, ME
7	Watermelon	REG, CRO, POL, SWE, CZE, LIT, RUS
8	Nectarine	REG, EU
9	Berries	SWE, DNK, GER, ITA
10	Olive	RKS, SRB
11	Melon	CRO, POL
12	Cucumber	REG, EU
13	Raspberries	REG, GER, ITA
14	Table Grapes	GER, POL, NOR, SWE, GBR, RUS
15	Cherry	REG, EU, RUS

16	Potato	REG
MOST PROSPECT PROCESSED PRODUCTS		COUNTRY
1	Ajvar	REG, CRO, GER, AUT, CHE, ME
2	Gherkins	REG, GER, ME
3	Jam, marmelade	EU, REG, RUS, ME,
4	Sour cherry (Frozen)	GER, POL, ME
5	Fruit juice	REG
6	Dried fig	SRB, MKD
7	Berries (Frozen)	GER
8	Olive marinated	SRB, MKD
9	Olive oil	REG, EU
10	Prune	RUS, ME

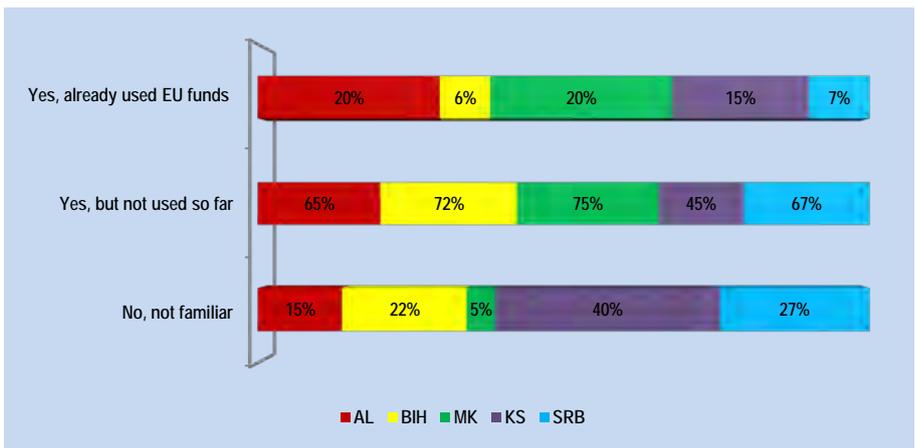
## Q20: Key interventions / technical assistance needed for firm to expand export opportunities



Q21: Expected export increase if technical assistance provided



Q22: Are you familiar with the opportunities to use EU funds for upgrading standards and improve competitiveness





## Q23: Technical assistance needed for firm to apply/use EU funds

