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GAIN Report #BK2006

Bosnia Herzegovina

Fishery Products

Market Brief

2002

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Report Highlights: Fish production in Bosnia Herzegovina (BiH) is hampered by poor infrastructure and low purchasing power. About 50 percent of consumption is imported and 80 percent of imports are low-priced fish types. Seafood consumption is only 2.5 kg per capita. However, if BiH manages to improve living standards, growth in seafood consumption is expected. The market for high quality seafood products is small but growing. Total imports of fish and seafood in 2001 were \$11.25 million and almost no U.S. seafood is currently imported into BiH.

Includes PSD changes: No
Includes Trade Matrix: No
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SECTION I. MARKET OVERVIEW

- Bosnia Herzegovina (BiH) is rich in fresh water resources and has good production potential.
- Annual domestic production of fish and seafood increased from 3,010 MT (approximately 30 percent of demand) in 1999 to 5,550 MT (approximately 55 percent of demand) in 2002 (estimated).
- Saltwater fish account for only 4.5 percent of production (250 t).
- BiH only has 18 km of seacoast and just 1,400 ha of territorial waters.
- Fish consumption has been traditionally low in BiH, approximately 2.5 kg per capita, but demand is increasing slowly.
- Consumption of freshwater fish (e.g., trout and carp) is much higher than consumption of saltwater fish and seafood products.
- 2001 imports of fish and seafood to BiH were about \$11.25 million.

Advantages	Challenges
Insufficient production, increasing demand for seafood products	Long distances, bad infrastructure, limited cold storage capacity
Relatively low import tariffs (0.5 to 10 percent)	Smuggled products are sold at lower prices
High quality and broad range of U.S. seafood	Relatively small market is politically and

products	culturally divided into two administrative areas with different distribution systems
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SECTION II. MARKET SECTOR OPPORTUNITIES AND THREATS

Production¹

BiH is well endowed with fresh water and the production of farmed freshwater fish is increasing at about 20 percent per year. There are 43 freshwater fisheries (trout and carp) with total area of 98,000 hectares and 2 saltwater fisheries with total area of 3,600 ha or 27,500 m³ (cage farms).

Production of seafood is limited to few species of fish (e.g. gilthead and sea perch) and shells (e.g. oysters and mussels). Exports are limited to only few countries (Yugoslavia, Montenegro, Croatia) due to the lack of a veterinary certification system.

Production of fish and seafood 1999- 2002:

Production year	1999	2000	2001	2002 (estimated)
Total tons	3,010	3,227	4,641	5,550

Processing

Processing capacities are limited but do include freezing and packaging operations and the production of fish fillets. (Note: This could be a good opportunity for foreign investors.)

Cold storage capacity

Cold storage space is rarely available on a rental basis. Currently, only companies experiencing a temporary surplus in their own storage capacity are renting space. Total estimated cold storage capacity is 35,000 t nationwide. Most of cold storage facilities are approximately 20 - 30 years old.

Entry Strategy

The recommend market entry strategy is to find an importer that has developed distribution channels. This might include importers selling to wholesalers or directly to large shopping centers. In recent years, some importers have begun their own retail operations.

There are differing distribution systems in the F BiH² and the RS because of separate domestic legal frameworks. Therefore, it is necessary to develop relations with more than one distributor

¹ Source: Fisheries Center, Sarajevo

² According to the Dayton Peace Agreement signed in December 1995, Bosnia and Herzegovina (BiH) is divided into two Entities: the Federation of Bosnia and Herzegovina (F BiH) and Republika Srpska (RS). There is also the Brcko District with a special administrative status. Understanding this dual governmental structure is important to doing business in the country.

to cover the whole country. The U.S. Foreign Commercial Service can help you locate qualified distributors. For more information, please see:

<http://www.buyusa.gov/bosniaandherzegovina/en/>

Trade fairs can provide opportunities for local and foreign companies to establish business connections (please see BiH Exporter Guide (Report # BK2005), Appendix II B Fairs Calendar, which can be download from <http://www.fas.usda.gov/scriptsw/attacherep/default.asp>);

There are no air transport cold storage facilities.

Market Size, Structure, Trends

Fish and seafood are usually sold at specialty stores, outdoor markets and large shopping centers. Officially, the value of seafood sales in BiH in 2001 was around \$15 million but this figure is likely closer to \$25 million due to unreported trade and smuggling. About 80 percent of seafood imports are low-priced fish such as hake and pickerel (retailing at around \$1.60 per kg). Consumers buy cheap products because average disposable income is quite low. However, the middle class is growing and there are also many foreigners in BiH that can afford more expensive seafood products (e.g., those retailing between \$ 2.50- \$12.60 per kg).

HRI Sector (hotels, restaurants, and institutions)

Hotels and restaurants buy fish and seafood products directly from producers or from local retailers. Hospitals, the army, police, and schools are great potential buyers but due to the political and economic changes they have been through recently, it will take some time until they become good business partners.

Company Profiles

There are four to five larger local importers and distributors of fish and seafood. The locally owned company "Fratello" leads the market with annual sales of approximately \$ 1.8 million and plans to strengthen its cold storage capacity, processing and retail sales. The "Ledo", "Citluk" and "Friko" companies are based in Banja Luka and their first line of business is selling ice-cream during the summer months and then providing cold storage and delivery services for frozen fish and seafood during non-peak months. "Tropik ribarstvo", also in Banja Luka, is oriented more toward freshwater fish production. This company plans to increase seafood imports in order to carry a complete line of fish products.

Imports of Fish and Seafood³

Total imports of fish and seafood in 2001 were \$11.25 million while imports of freshwater fish were minor. Imported products were mostly frozen and canned with very few fresh imports.

³ Sources: F BiH and RS Customs Administration

Major Suppliers of fish to BiH

Country	Value of Imports (US\$ mil.)	Market share (%)
ARGENTINA	1.99	18
SPAIN	1.98	18
CROATIA	1.52	14
GERMANY	1.15	10
NETHERLANDS	0.78	7
DENMARK	0.39	3
SLOVENIA	0.32	3
URUGUAY	0.28	2
YUGOSLAVIA	0.27	2
POLAND	0.27	2
USA	0.04	< 1

The most imported products were:

- Hake, frozen (\$ 4.7 mil.);
- Sardine, canned and frozen (\$1.4 mil.);
- Tuna, canned (\$800,000)

SECTION III. COSTS AND PRICES

- Tariffs on seafood range from 0.5 percent to 10 percent. This is in addition to a one percent customs registration fee which is charged on all imports
- Special taxes are applied on imported trout and carp at rate 0.75 KM/kg or about \$ 0.38/kg.
- The import license costs, as well as the veterinary, sanitary and markets inspections fees differ only slightly between the two Entities. The following fees are applied in the Federation of BiH:
 - Import license issued by the Ministry of Agriculture costs is 157 KM (\$79.30).
 - The veterinary inspection fee is 18 KM (\$ 9.1) up to 10 t, plus 2 KM (\$1) for each additional ton.
 - Sanitary inspection fee is 41 KM (\$20.70) per truck or freight car.
 - Market inspection fees is fee 30 KM (\$15) up to 10 t, plus 3 KM (\$1.50) for each additional ton.
 - Storage fees are approximately 5 KM/t (\$2.50) but generally are negotiable.
 - Unloading and lab testing fees may also apply.
 - A value-added tax (VAT) system is not in force in BiH.

SECTION IV. MARKET ACCESS

Import regulations, standards, and procedures

The Entities' Ministries of Agriculture issue import permits for foods of animal origin. Forms are available from them:

F BiH Ministry of Agriculture, Water Management and Forestry
Veterinary Department
Mehmeda Spahe 3
71 000 Sarajevo
Bosnia and Herzegovina
Contact person: Jasna Bradic
Tel/fax +387 (33) 217 242
<http://www.fbihvlada.gov.ba/engleski/index.html>

RS Ministry of Agriculture, Forestry and Water Management
Veterinary Department
Miloša Obilića 51
76300 Bijeljina
Contact person: Vesna Karan
Tel: +387 55 211 536
Fax: +387 55 472 – 353
<http://www.vladars.net/lt/min/mps.html>
E-mail: mps@mps.vladars.net

The Ministries provide importers with specific requirements. Those requirements are in accordance with the [Office International des Epizooties](#) (OIE) requirements. Both the F BiH and RS Ministries have Veterinary Inspection units that issue certificates for imported foodstuffs. The inspections take place at border crossings.

The Entities' Ministries of Health have Sanitary Inspection units responsible for the wholesomeness of imported foods. Inspections take place at the customs clearance point.

The Entities' Ministries of Trade have Market Inspection units in charge of quality control for imported foods. They inspect imported food products at the customs point, but also later on after retail distribution.

Laws

The ordinance on Quality of Fish, Crabs, Shellfish, Sea Urchins, Frogs, Turtles, Snails and Products (former Yugoslavia Official Gazette 65/79 and 48/84) regulates the quality, labeling requirements and transport conditions for those products;

Food additives are regulated by the ordinance on "Quality of Foods Additives" (old Yugoslavia Official Gazette 39/89);

Residue limits for pesticides and other contaminants can be found in the ordinance “Pesticides and other Contaminants in Food” (old Yugoslavia Official Gazette, No. 59/83, 79/87).

Future food laws and regulations are to be harmonized with the European Union (EU) directives.

Labeling and packaging requirements

Under the ordinance on Quality of Fish, Crabs, Shellfish, Sea Urchins, Frogs, Turtles, Snails and Products, a label must clearly indicate the following:

- 1) product’s name and brand name if any,
- 2) manufacturer’s name and complete address,
- 3) date of manufacturing (day/month/year),
- 4) “use by” or “best before” date,
- 5) product’s net-weight (mass or volume),
- 6) used food additives,
- 7) basic ingredients listed in order of their predominance and type,
- 8) quantity of ingredients added to enrich product’s nutritive value and
- 9) grading information.

The label must be noticeable/visible, clear and legible. The product's and the manufacturer's names must be printed in larger fonts (the size of font is not specified). If the manufacturing and packaging companies are not the same, the label must indicate the company that did the packaging. If products were artificially colored and preserved by preservatives, it must be indicated right below the product's name, e.g. "artificially colored" or "preserved by preservative." Packaging requirements for fresh seafood products are detailed and comprehensive.

Food Additive Regulations, Pesticides, and Other Contaminants

Note: Please refer to FAIRS Report [BK 2003](#) (this report may be downloaded from <http://www.fas.usda.gov/scriptsw/attacherep/default.asp>).

SECTION V. KEY CONTACTS AND FURTHER INFORMATION

Import license and veterinary inspection

F BiH Ministry of Agriculture, Water Management and Forestry
Veterinary Department
Mehmeda Spahe 3
71 000 Sarajevo
Bosnia and Herzegovina
Contact person: Jasna Bradic
Tel/fax +387 (33) 217 242

<http://www.fbihvlada.gov.ba/engleski/index.html>

RS Ministry of Agriculture, Forestry and Water Management
Veterinary Department

Miloša Obilića 51

76300 Bijeljina

Contact person: Vesna Karan

Tel: +387 55 211 536

Fax: +387 55 472 – 353

<http://www.vladars.net/lt/min/mps.html>

E-mail: mps@mps.vladars.net

Sanitary inspection

F BiH Ministry of Health

Department for Sanitary Inspection

Titova 9

71 000 Sarajevo

Tel: + 387 33 615 654

Fax + 387 33 664 245

<http://www.fbihvlada.gov.ba/engleski/index.html>

RS Ministry of Health and Social Welfare

Department for Sanitary Inspection

Zdrave Korde 8

51000 Banja Luka

Tel. + 387 51 213 051, +387 57 226 352

Fax: +387 51/216 601

<http://www.vladars.net/en/min/mzsz.html>

E-mail: mzsz@mzsz.vladars.net

Labeling and quality control (market inspection)

F BiH Ministry of Trade

Department of Market Inspection

Kneza Domagoja 12

88 000 Mostar

Tel/fax: + 387 36 327 935

<http://www.fbihvlada.gov.ba/engleski/index.html>

RS Ministry of Trade and Tourism

Department of Market Inspection

Vuka Karadžića 4

51000 Banja Luka

Tel.: + 387 51 308 323

Fax: +387 51 331-499

<http://www.vladars.net/en/min/mtt.html>

E-mail: mtt@mtt.vladars.net

Customs clearance:

F BiH Custom Administration

M. Mustafe Baseskije br.6

71000 Sarajevo

Tel.: +388 33 279 532

Fax: +387 33 279 616

<http://www.cufbih.com/>

RS Custom Administration

Mladena Stojanovića 7

78 000 Banja Luka

Tel: +387 51 312-009

Fax: +387 51 314-251

<http://www.rucrs.com/sr/index.html>

U.S. Embassy Sarajevo - Office of Agricultural Affairs

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