

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Date: 3/31/2011

GAIN Report Number: BK1102

Bosnia and Herzegovina

Post: Sarajevo

BiH Fresh and Processed Vegetable Product Brief

Report Categories:

Product Brief

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Report Highlights:

Bosnia and Herzegovina's (BiH) climate and terrain are well suited for vegetable production and the vegetable processing industry is fairly well developed. Yet, BiH imports around \$60 million of various vegetables and products annually. The lack of proper packaging and storage and cooling facilities leads to seasonal surpluses and off-season shortages. For these reasons, imported vegetables and products are mainly available in the off-season— even those for which there is substantial domestic production.

General Information:

SECTION I. MARKET OVERVIEW

The current total market potential for vegetables is estimated to be 940 million KM per annum (approximately \$670 million). Vegetable production provides intensive use of land and, with irrigation, farmers can produce two to three different vegetable products in a year. Vegetable production is characterized by small-sized family farms, which to a large extent produce for home consumption and sell surpluses of fresh vegetables on local green markets

In 2009, vegetable production area was 70,914 ha, and total vegetable production was 689,987 MT.

Table1: Vegetable Production in BiH 2007-2009

Vegetable	Harvested area in hectares (ha)			Production in metric tons (MT)		
	2007	2008	2009	2007	2008	2009
Potatoes	41,291	40,110	36,704	387,239	424,860	413,658
Cabbage & kale	6,478	6,213	5,888	82,410	85,981	81,684
Tomatoes	3,825	3,810	3,685	33,287	40,647	46,333
Green pepper	3,868	3,867	3,620	36,780	39,806	40,310
Onions	5,172	5,073	5,012	34,822	38,403	39,420
Carrot	1,795	1,863	1,949	22,779	27,534	20,973
Cucumbers	2,884	3,047	2,819	21,686	24,955	25,743
Beans	9,280	9,268	9,497	10,418	12,922	14,906
Garlic	1,888	1,826	1,740	6,815	6,897	6,960
Total:	76,481	75,077	70,914	636,236	702,005	689,987

Source: BiH Agency for Statistics and Ministry of Foreign Trade and Economic Relations

The processed vegetables sector is fairly well developed. There are approximately 15 large fruit and vegetable processors in BiH, with several middle size processors, and many smaller ones. The two largest companies, Vegafruit from Mala Brijesnica in FBiH and Vitaminka, Banja Luka, RS produce around 25,000 MT of fruit and vegetable products annually, including vegetable pickles (cabbage, gherkins, peppers etc) and export nearly 40 percent of their production. Besides these two big processing companies, there are several other smaller processors with smaller capacities, e.g. Tanasic, Bijeljina, Golden Agro, Zivinice, PMG ViP, etc.

Production of vegetables for further processing is done mainly through farmers associations and cooperatives. Farmers also sell vegetables as fresh at the local markets, and they export some vegetables to regional processing industries (mainly to Croatia).

Bosnian consumers traditionally prefer processed vegetables, especially pickle products. The leading pickle products are gherkins, followed by peppers. Gherkins are the leading product in pickle salad and its production is a major limitation factor for increasing production of other vegetables such as peppers, egg plants, beet root, chilly papers etc.

Advantages	Challenges
Insufficient domestic vegetable production, especially off-season	Weak economy affects consumer purchasing power
Relatively low costs for introduction and promotion of new products using local broadcast and print media or in-store promotions	Long distance, bad transportation conditions, absence of highways, limited railway service
Average consumption of vegetables per capita is relatively high	Illicitly imported and low-quality products compete with legitimately

	Imported foods
The U.S. has a good reputation for quality	Strong regional competition because of the free trade agreement CEFTA

In 2009, BiH's total vegetable imports, fresh and processed, were around 80 million KM (about \$57 million), and exports around 34 million KM (\$24 million). BiH's main trading partners in import are Turkey, Macedonia, Serbia, the Netherlands, Italy, and Croatia. The largest quantities of BiH's vegetables are exported to Italy, Slovenia, Serbia, and Croatia.

Table 3: Fresh vegetable imports to BiH in 2008 & 2009

Vegetable	2008			2009		
	Quantity (t)	Share	KM	Quantity (t)	Share	KM
Potato	5,708.72	7.86%	1,525,311.88	7,227.87	9.75%	1,523,050.44
Seed Potato	7,986.02	11.00%	7,248,222.26	7,364.39	9.94%	5,722,432.82
Early Potato	1,596.91	2.20%	868,034.68	838.93	1.13%	465,183.15
Tomato	14,430.70	19.87%	10,748,333.77	14,893.42	20.09%	10,576,561.33
Onions	7,753.71	10.68%	2,869,215.05	5,790.28	7.81%	2,061,046.38
Seed Onion	2,168.53	2.99%	2,848,855.03	2,036.48	2.75%	2,540,958.50
Lettuce	257.22	0.35%	346,072.39	328.54	0.44%	419,190.38
Carrot	3,365.81	4.63%	1,591,761.54	3,828.01	5.16%	1,501,050.81
Cabbage, Cauliflower	2,456.91	3.38%	1,154,827.46	3,481.96	4.70%	1,348,748.13
Cucumbers, Gherkins	2,500.36	3.44%	1,985,225.13	2,480.01	3.35%	2,215,507.60
Green Beans	101.02	0.14%	139,639.17	71.24	0.10%	104,929.77
Paprika	7,329.02	10.09%	6,142,734.54	11,108.16	14.99%	7,908,237.44
Other Fresh Vegetables	2,549.93	3.51%	1,599,354.35	2,456.01	3.31%	1,520,768.38
Other Vegetables	14,416.41	19.85%	20,931,707.63	12,211.28	16.48%	17,436,211.18
Total:	72,621.27	100%	59,999,294.88	74,116.56	100%	55,343,876.31

Currency note: USD 1.00 = KM 1.40

U.S. exports in 2009 totaled 27,359 KM (approx. \$19,550), including mainly sweet corn, while BiH's exports to the United States equaled 622,628 KM (approx. \$445,000).

SECTION II. MARKET SECTOR OPPORTUNITIES AND THREATS

Agricultural production, especially early vegetables, is a significant contributor to BiH's economy. Still, vegetables are largely produced on small parcels of land, and production is not really market-oriented. Much of this production is garden variety, to meet producers' home needs. Though the region has a long tradition of agricultural production, it lacks new technologies. Another problem is that production is unconnected to the needs of processors or consumers. Therefore, most products are sold on green markets characterized by uncertain spot market sales. There are no suitable storage facilities and cooling chambers in which to keep the seasonal vegetables for sale after the season. For these reasons, mainly imported are sold on the market out-of season, even those for which there is substantial domestic production. Packaging could help extend shelf life, but most BiH products have inferior packaging. Lately, producers in have begun to produce vegetables in poly or plastic greenhouses. These structures help growers capture a better market position, especially outside the main growing seasons. Most of the products sold on the local market are not subject to systematic quality control, although regulatory institutions and laws do exist.

The following vegetables have potential and are those which are typically sold fresh throughout the country: potatoes (early spring), green onions, green string beans, cucumbers, cabbage and kale, tomatoes, green peppers, spinach, and green leaf lettuce.

Importers/wholesalers/distributors provide transportation, product storage, market information, financing, and some insurance. Finding an agent and/or distributor is the most effective way to market consumer goods.

The U.S. Foreign Commercial Service can help you locate qualified distributors. For more information, please see: <http://www.buyusa.gov/bosniaandherzegovina/en/>. The Economic and Commercial Service Office at the U.S. Embassy Sarajevo assists U.S. companies in exporting to BiH by identifying local opportunities for the sale of U.S. products or services, providing counseling on the market, and meeting the advocacy needs of U.S. firms.

SECTION III. COSTS AND PRICES

The Value Added Tax (VAT) of 17% is applied to all domestic and imported products.

The tariffs can be found at <http://www.uino.gov.ba/download/Dokumenti/Dokumenti/bos/Carina/2008-b-CTBiH.pdf>.

SECTION IV. MARKET ACCESS

BiH food regulation is a mixture of 30-years-old regulation inherited from the former Yugoslavia and new regulations that the Food Safety Agency has been drafting since 2006. Food regulations are subject to change often, so please contact FAS Sarajevo for specific information on current food regulations. For more information, please refer to FAIRS Country Report and FAIRS Export Certificate Report 2010:

<http://gain.fas.usda.gov/Lists/Advanced%20Search/AllItems.aspx>.

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