

# Regional Expert Advisory Working Group on Market Standards on Fresh Fruits and Vegetables

## STATE OF THE ART OF THE FRESH FRUIT AND VEGETABLE MARKETING STANDARDS IN SEE REGION

**Kosovo**

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# Kosovo – general information

## Introduction and key figures

- GDP in 2020 was € 6.7 Billion; GDP per capita in € 3,772; Agriculture contributes around 7.4% to GDP (MAFRD).
- 60% of the agricultural value add comes from crop production (€ 441 million) and 40% from the livestock sector (€ 294 million).

|                   |                         | ha        | %    |
|-------------------|-------------------------|-----------|------|
| Land              |                         | 1,088,365 |      |
| Agricultural land |                         | 420,141   | 39   |
|                   | Arable land             | 188,372   | 45   |
|                   | Vegetables open fields  | 8,435     | 2    |
|                   | Vegetable's greenhouses | 547       | 0.13 |
|                   | Fruit trees             | 10,029    | 2    |
|                   | Vineyard                | 3,437     | 1    |
|                   | Gardens                 | 1,133     | 0.27 |
|                   | Plant nursery           | 137       | 0.03 |
|                   | Meadows and pastures    | 217,102   | 52   |

# Kosovo – general information 2

## Trade of agricultural products

- The Kosovo's trade balance is negative;
- In 2020 **export** value agricultural products was € 78.1 mio. - only 16.4% of total exports; while, **imports** € 765.4 mio.; exports cover only 10.2% of imports.
- **Exports**
  - 52.7% CEFTA
  - 39.5% EU
  - 7.8% Other.
- **Imports**
  - 53.7% EU
  - 24.0 % CEFTA
  - 22.3% other

# 1. Relevance of fresh F&V sector

## **Marketing channels for the fresh fruit and vegetable**

Marketing Channels of Vegetables and fruits in Kosovo are:

- Producers – consumer (village sale)
  - Producers – greenmarket – consumer
  - Producer – retailer – consumer (local sale)
  - Producer – Trader/collection center – retailer – consumer
  - Producer – wholesaler/ – retailer – consumer (distant market).
- These sales channels are, in some instances, interlinked and products shift from one channel to another depending on the on the product perishability and non-perishability as well as depending on changing of the market demand.

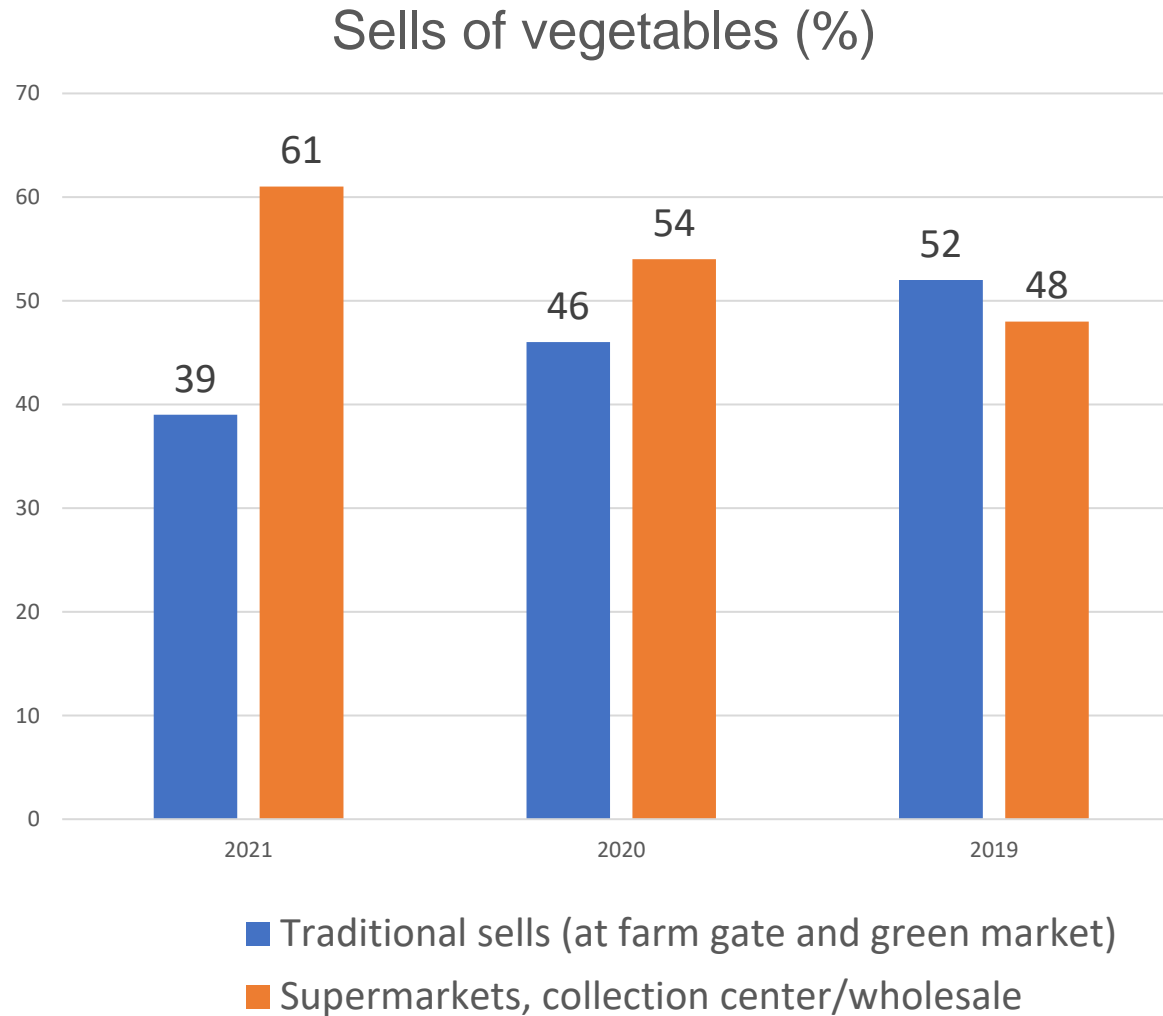
# Quality/Market standards

- In Kosovo there is no official market/quality standards;
- in practice, actors of the sector use or implement some sort of standards for fresh F&V that include size of products and how products look superficially

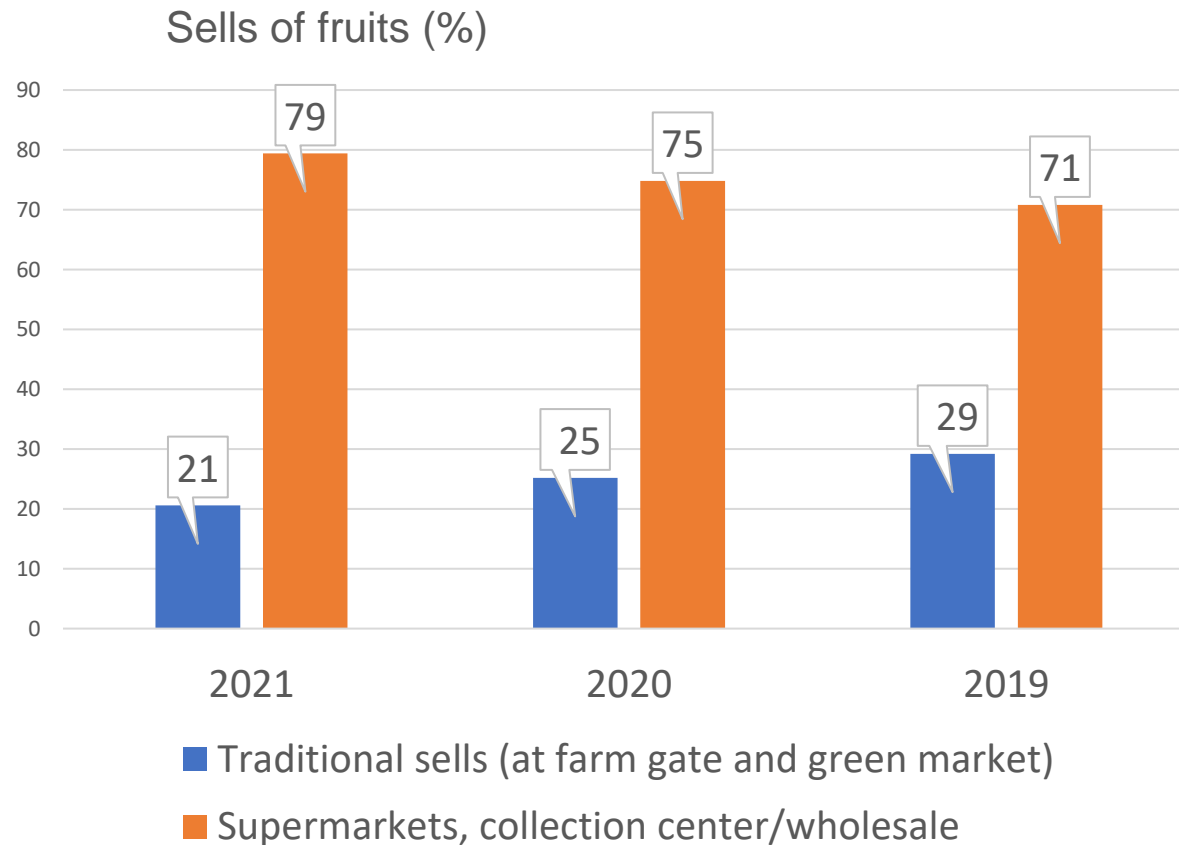
In different market channels standard is implemented as follows:

- **Traditional channels:** most fresh F&V sold through these channels are not formally standardised, although a good portion of it de facto respect the relevant quality standards (e.g. size of fruits) but labelling is not done;
- **Supermarkets:** most fresh F&V offered to the consumers are imported products that are standardised and they have a label with the indication of quality class and country of origin.
- **Export:** the exports are standardised according to marketing standards defined by the buyers and adopted by the Kosovo exporters.

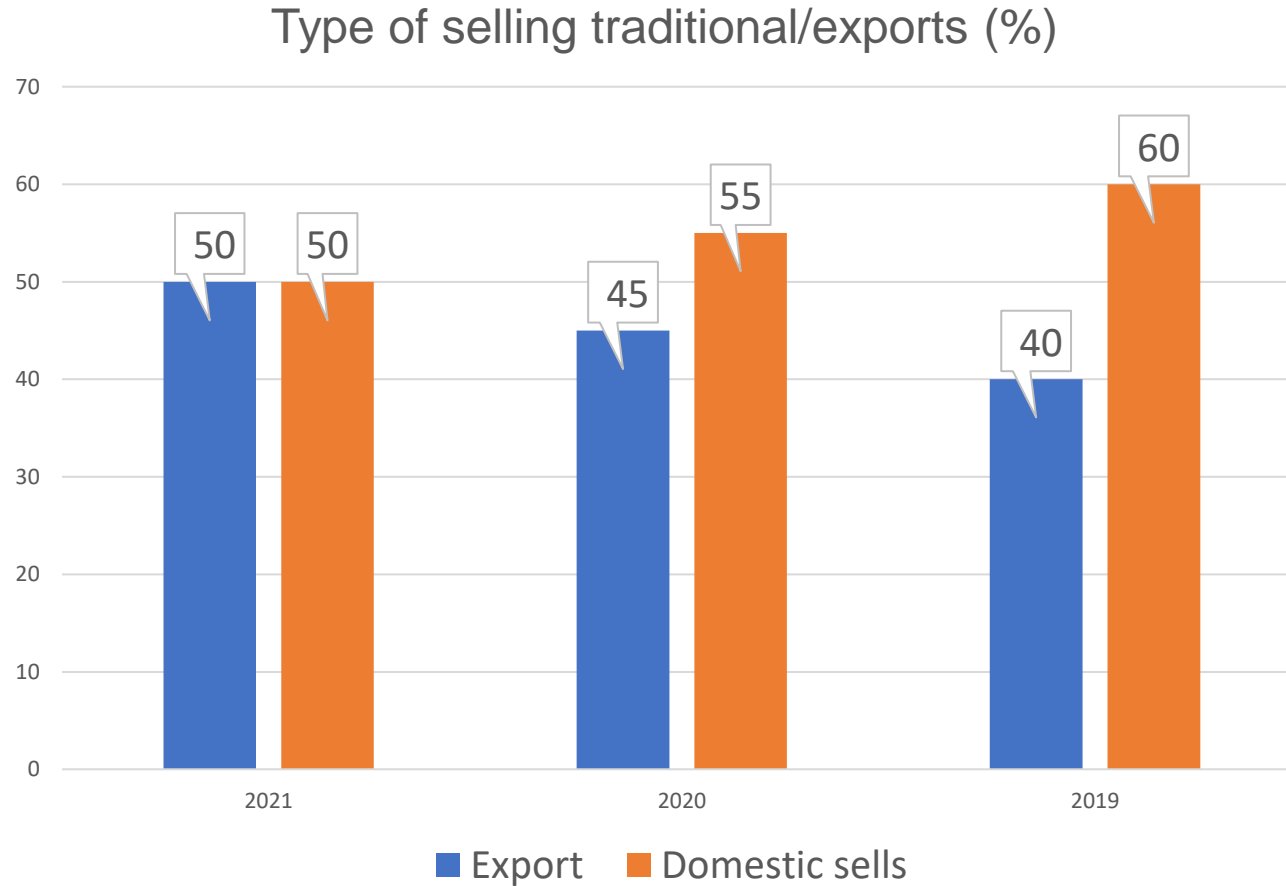
# Sales of **vegetables** through market channels



# Sales of **fruits** through market channels



# Domestic sales/Export of vegetables





# Supermarkets

- Interviewed Supermarkets
  - “Viva Fresh” (the largest) – outsourced selling space to “Doni Fruits”, a trader and exporter
  - “InterEX” - – outsourced selling space to “Fresco Group”, a trader and exporter, and
  - “Albi market”.

# Supermarkets 2

## Procurement model

- All three supermarkets/traders have a centralised system of supply of F&V. All products, both domestic and imported, are aggregated in central logistic centres and based on requests of the branches, sent by the e-mail in afternoons, F&V are shipped to branches next morning

The supermarkets/traders purchase products from 3 ways:

- Import products by themselves
  - Purchase from other importers
  - Purchase of domestic products from contracted farmers
- No tenders for purchase of products. Import is done by themselves, while purchase from other importers is done through verbal agreements with known importers.

# Supermarkets 3

## Standards

- Supermarkets do not have internal regulation for quality of F&V;
- Accept “DoniFruits” that has internal written quality standard – some basic rules focusing mostly in size of product e.g. 50 – 70 pcs of onions in a 10 Kg bag or 65 – 75 apples in an 8 Kg carton box
- Sometimes GlobalGAP certified products are offered but due to ignorance of the consumers are sold as conventional products;
- Standards should be established by government based on UNECE, but it will increase selling price, subsequently, decrease of sells of F&V to Supermarkets

# Supermarkets 4

## The Sales trends of F&V

- positive trend of increase sales of F&V in Kosovo; last 5 years the increase was from 5 – 10 % in yearly bases;
- The main reason of increase
  - increasing number of branches;
  - trend of families buying food in supermarkets;
  - selling space into supermarket is better than in other channels – hygiene, good design and service of consumers;
  - products are of better quality compare to other channels;
  - COVID 19 has also positive impact on increasing of sales.

# Export data (Vegetables)

| Vegetables Exp.  | 2019             |                   | 2020             |                   | 2021             |                   |
|------------------|------------------|-------------------|------------------|-------------------|------------------|-------------------|
|                  | Value (€)        | Quantity (kg)     | Value (€)        | Quantity (kg)     | Value (€)        | Quantity (kg)     |
| Tomatoes         | 312,486          | 531,819           | 82,607           | 204,912           | 72,821           | 137,231           |
| Cabbage          | 122,539          | 400,806           | 45,479           | 241,927           | 388,444          | 1,765,289         |
| Potatoes         | 1,557,420        | 10,378,234        | 1,706,815        | 11,886,112        | 634,205          | 4,498,704         |
| Onions           | 46,708           | 227,566           | 48,560           | 119,100           | 14,908           | 12,414            |
| Peppers          | 754,234          | 1,157,142         | 1,447,601        | 2,118,647         | 1,647,099        | 2,351,836         |
| Other vegetables | 2,511,143        | 1,112,833         | 5,534,387        | 2,127,303         | 3,650,719        | 1,734,801         |
| <b>Total</b>     | <b>5,304,529</b> | <b>13,808,400</b> | <b>8,865,448</b> | <b>16,698,001</b> | <b>6,408,195</b> | <b>10,500,275</b> |

# Export data (Fruits)

| Fruits              | 2019             |                  | 2020             |                  | 2021              |                  |
|---------------------|------------------|------------------|------------------|------------------|-------------------|------------------|
|                     | Value (€)        | Quantity (kg)    | Value (€)        | Quantity (kg)    | Value (€)         | Quantity (kg)    |
| <b>Strawberry</b>   | 407,186          | 202,576          | 672,141          | 312,881          | 834,534           | 362,222          |
| <b>Raspberry</b>    | 1,856,512        | 1,123,340        | 3,746,061        | 1,648,994        | 3,107,883         | 855,009          |
| <b>Apple</b>        | 136,120          | 119,088          | 178,905          | 256,936          | 145,478           | 234,767          |
| <b>Grape</b>        | 62,460           | 288,528          | 100,184          | 346,584          | 60,251            | 180,403          |
| <b>Other fruits</b> | 5,214,066        | 2,513,636        | 4,983,862        | 2,381,827        | 7,243,117         | 2,156,768        |
| <b>Total</b>        | <b>7,676,344</b> | <b>4,247,168</b> | <b>9,681,153</b> | <b>4,947,222</b> | <b>11,391,264</b> | <b>3,789,170</b> |

# Export – Import destinations for the fresh vegetables

| Year        | Countries     | Transaction EX-IM |             |            |             |
|-------------|---------------|-------------------|-------------|------------|-------------|
|             |               | Export            |             | Import     |             |
|             |               | Value €           | Quantity kg | Value €    | Quantity kg |
| <b>2021</b> | EU            | 3,928,320         | 2,851,289   | 7,158,527  | 12,878,361  |
|             | CEFTA         | 1,987,985         | 7,235,534   | 12,118,334 | 38,995,875  |
|             | Other         | 465,827           | 393,651     | 11,829,201 | 23,980,634  |
|             | Great Britain | 32,865            | 43,345      | 463        | 233         |

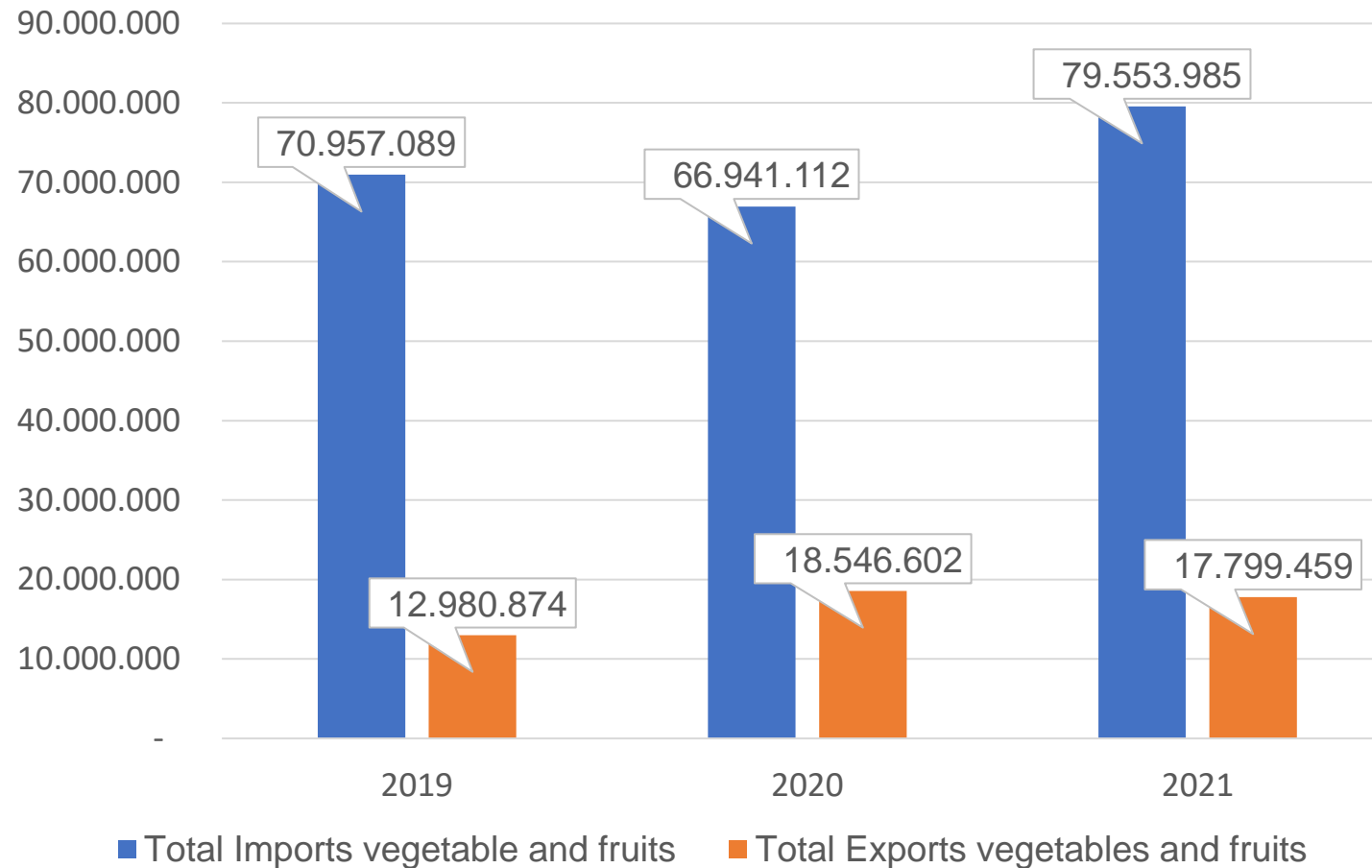
# Export – Import destinations for the fresh fruits

|             |               | Export    |             | Import     |             |
|-------------|---------------|-----------|-------------|------------|-------------|
| Year        | States        | Value €   | Quantity kg | Value €    | Quantity kg |
| <b>2021</b> | EU            | 4,244,086 | 1,435,204   | 8,882,443  | 20,424,555  |
|             | CEFTA         | 6,613,706 | 2,232,010   | 10,885,082 | 44,548,076  |
|             | Other         | 533,472   | 121,956     | 23,597,258 | 38,740,151  |
|             | Great Britain | -         | -           | 390        | 28          |



# Ratio Imports - Exports

Ratio Imports Exports between 2019-2021 in EUR



## 2. Current legislation

**Law No. 03/L-98 on Agriculture and Rural development Ch. VII)**

**Law No. 05/L-051 on Geographical Indications and Designations of Origin**

**Law No. 03/L-044 on Standardization**

**Law No.04 / L-026 on trademarks,**

**Law No.04 / L-039 on Technical Requirements for products and conformity assessment,**

**Law No. 04 / L-078 on General Product Safety,**

**Law No. 04 / L-191 on Livestock,**

**Law No. 2004/21 on Veterinary,**

**Law 03 / L-016 on Food,**

**Law No.02 / L-111 on beekeeping,**

**Law No.02 / L-85 on fisheries and aquaculture**

# Planned legislation

## **Draft Law on Agriculture Rural Development covering partly Market Organization regulations:**

Art. 28, 29: Quality and marketing standards for agricultural products and food products.

Art. 30: Quality schemes for agricultural products and food products: PDO, PGI, TSG; voluntary quality schemes.

Art. 31: Donation of food for humans and feed for animals

## **The Draft law\_for “organization of the common market of agricultural products”**

0.1 Administrative Instruction- -on Market standards for fresh fruits and vegetables

0.2 Administrative Instruction- -on inspection and control at all stages of traded agricultural products, both before and after placing on the market

03. Administrative Instruction- on the organization of “producers organizations”

04 Administrative Instruction- - on geographical indications

# Strategy

- MAFRD developed a CONCEPT DOCUMENT FOR ORGANIZATION OF THE COMMON MARKET OF AGRICULTURAL PRODUCTS
- The **policy objective** is to **establish the legal framework and rules for introduction of the market organisation rules and fill the gaps that are currently existing in Kosovo.**
- The **general objective** for the adoption of the Market Organisation Law is **to harmonize the national conditions in Kosovo to those existing in the EU on market organisation in agricultural products.**

# Strategy (2)

Elements which may be subject of the Market Organisation Law:

- School schemes,
- Producer Organisations in Fruit and Vegetables sector,
- Wine sector
- Marketing standards for fruit and vegetables and their conformity controls
- Geographical indications.

# Strategy (3)

## **Specific objectives:**

- To improve the competitiveness of the agricultural supplies of Kosovo;
- To improve the organisation of the domestic agriculture;
- To increase visibility and promotion of the domestic agricultural products and consumer protection.

## 4. System of Control

- Law No. 03/L-181 – **Market Inspectorate and Inspective Supervision** sets principles, organizing, competences and procedures of inspection supervision of the market to ensure that the products are in accordance with the legal demands;
- Inspectorate of the MIET has not much experience in food inspections; FVA has agronomists specialised in phyto-sanitary controls and food controls.

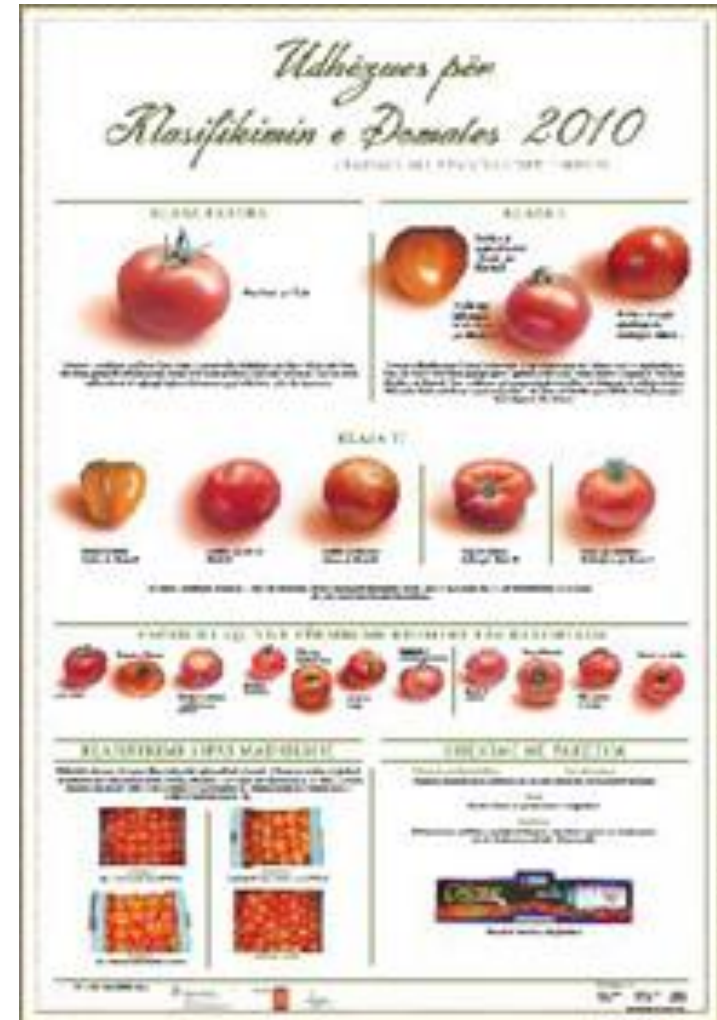
# Legislation used to control the marketing standards for fresh fruit and vegetables

- MIET adopted the Law No. 03/L-144 on standardization in harmony with EU regulation 1025/2012.
- Law sets standardization procedures and institutions responsible
- Standardization activities aim at:
  - increase the level of safety of products and processes,
  - maintaining and improving the quality of life,
  - health safety,
  - environmental and consumer protection.
- Law regulates the mandate of the Kosovo Standardization Agency (KSA) of MIET as a national standardization agency in Kosovo for drafting, recognizing, adopting, approving, and publishing standards in all sectors of the economy, except of telecommunications.



# 5. Foreign assistance for marketing standards of fresh F&V

- The HPK project of Swiss Intercooperation has introduced UNECE quality standards with main stakeholders such as traders, supermarkets and farmer representatives
- The HPK has produced simple illustrated materials with explanatory notes which would easily be understood and applied by the sector.



# 6. Requirements and needs for the establishment and implementation of the F&V marketing standards

|   | Activity   | Source of information                            |
|---|--|--|
| 1 | Update of legal framework related marketing standards for fruits and vegetables based UNECE                              | Ministry of Industry, Entrepreneurship and Trade |
| 2 | Creation of the legal basis regarding marketing standards for F&V according to UNECE - administrative instructions       | Ministry of Industry, Entrepreneurship and Trade |
| 3 | Update of the legal basis regarding the control bodies for marketing standards for F&V according to UNECE                | Ministry of Industry, Entrepreneurship and Trade |
| 4 | Promotion, Awareness Campaign, creation of Guides based in UNECE marketing standards                                     | Ministry of Industry, Entrepreneurship and Trade |
| 5 | Promotion, Awareness Campaign, creation of Guides based in UNECE marketing standards through brochures, leaflets, media. | Ministry of Industry, Entrepreneurship and Trade |

# 7. Conclusions

- There is no legal base for the standardization of the marketing of F&V;
- 3 largest supermarkets, represent nearly 180 brands, neither have internal market standards nor implement marketing standards; consumers as well are not aware about standards;
- Only one trader, supplier of F&V to supermarkets, has developed internal marketing standards - copied from EU traders in the EU, but not in line with the UNECE standards;
- UNECE marketing standards have been promoted in Kosovo by the Swiss NGO Intercooperation/Helvetas and 8 guidelines for 8 fruits/vegetables have been developed;
- In the last 5 years, the sales of F&V in supermarkets has increased; mainly due to increased number of branches and take care more about hygiene and superficial quality and have better service to consumers.



**Thank you for attention**