

FOCUS-BALKANS

Delphi I round

Report for SERBIA

Zaklina Stojanovic, PhD

Svetlana Popovic, MSc

Mirjana Gligoric

* ПРВИ И ПРАВИ

Економски факултет
Универзитета у Београду

List of contacts

Websites:
Producers
Mondi Web: www.mondiserbia.rs
ROYAL ECO FOOD Web: www.royalecofood.com
Zdravo ORGANIC d.o.o. Web: www.zdravo.rs
Foodland d.o.o. Web: www.foodland.rs
See also http://www.serbianfruit.com/industry/organic.htm
Wholesalers
Biospajz, Web: www.biospajz.rs
Beyond, Web: www.beyondhealthfood.com
Natura, Web: www.naturadoo.co.rs
Retailer
Boneda, Web: http://www.zdravahrana.com/index.php?option=com_content&view=category&layout=blog&id=81&Itemid=177
Nutricia, Web: www.nutricia.rs
Labelling / certification organisations
“Evrocert” d.o.o. Web: www.evrocert.rs
“Bioagricert” d.o.o. Web: www.bioagricert.org/english
“SGS-Beograd” d.o.o. Web: www.sgs.com/organic-certification
Others
Serbia Organica Association Web: www.serbiaorganica.org
Green Network of Vojvodina Web: www.zelenamreza.org
TERRA'S Association Web: www.terras.org.rs

Expert's name	Expert's company	Expert's field of expertise
Branislav Raketic Jelena Milic	Ministry of Agriculture, Forestry and Water management, Republic of Serbia	Adviser for organic production Department for Analytics and Agrarian Policy Group for Food Quality
Tatjana Maslac	Foreign Agriculture Service Belgrade US Embassy, Serbia	Agriculture Specialist
Gordana Klanscek	Ministry of Trade and Tourism, Republic of Serbia	Head of Trade Department
Nada Miskovic	Wholesaler Biospajz	Director
Jelena Sesto	Retailer Bio Market Tartufo	Director
Goran Lazic	Retailer IVAGO	Director

+ Bioplanet, NGO, www.bioplanet.rs
 + Fond Organska Srbija, producer and retailer,
www.organskasrbija.org.rs

Factors of organic market development

First initiatives date back to the mid-1980s

- Traditional production is accepted as organic
- There was no systematic approach

First law on organic production in 2000

- Non-functional
- Initiatives came from NGOs and producers associations

Second law in June 2006 improved situation

- Expectations of growth

New Law in May 2010, harmonized with EU regulative

Consumer awareness rose.

1. They started to recognize the value of healthy food
2. Urban and educated population (mostly women) changed eating habits
3. First shops and restaurants with organic food started to open
4. Expensive products

"There was no insight into what was happening, where, by which principles, no ideas how to develop, promote and expand the business".

"The new law has brought some progress; some subsidies have been introduced to the producers, but this market is still underdeveloped."

"The main lever is export demand (we are currently exporting some 90% of the organic production) and domestic market is still quite undeveloped and disorganized."

Current situation at the market

- Market is underdeveloped and disorganized
 - No official data, registered 600-700 producers
 - No national certification agency
- Non-adequate state support
 - NGOs have only local range
- Market is export driven (90% of production is being exported)
- Limited offer (low diversity and quantity)
 - Offer is concentrated in big cities
- Low availability of inputs

"The market for organic products in Serbia is still underdeveloped."

"Third grade - neither too good nor too bad".

"Current situation on the organic market is not satisfying."

"Current situation is very bad."

"It is very bad."

"Organic market is still very small in Serbia."

"Serbia is still at the very beginning of developing organic market."

"3 on a scale 1 to 5."

Future expectations

- Excellent development perspectives!
 - Large areas have not been treated with artificial means or not treated at all
 - In short time, with little preparation they can be adjusted to organic agriculture
- Government recognizes the organic production possibilities
 - To create higher GDP, employ people, help solving migration problems
 - Subsidies to producers
 - Ministry of agriculture defined strategy for organic food production
- Rising awareness about health, (miss)use of pesticides in conventional production, especially regarding food for babies and small children
- Western trends influence
- Need for further education of producers and consumers

"The trend of world organic market development the demand for natural, chemically untreated food is growing in Serbia."

"In the larger cities of Serbia, in the market, there are already initiatives in the organization of specialized seasonal market for products from organic production as well as traditional and products from the region."

"The demand for organic products in Serbia shows an upward trend, especially when it comes to food and products for babies."

"It seems there is increasing number of projects for organic production"

"What is missing is better education of producers but also consumers"

Consumers

Key characteristics of consumers:

- Awareness and recognition of the value of organic food.
- Young people (25-40 years), live in big cities, higher income, more educated.
- Strive to better life quality, self responsible.
- Higher living standard.

Motives:

- Health - organic food as prevention to health problems or a mean to reduce or resolve those problems.
- Environmental awareness and education – change behavior in relation to sustainability.
- Prestige - Rich people show they can afford it or are curious to try something new.

“Common to all categories is the awareness and recognition of the value of the food”

“Urban and highly educated, mostly younger people (30-45 yrs old) will be more interested in organic products with more influence from Europe and US and presenting benefits of organic food.”

“Rank of consumers is very wide- from very poor people who are aware of importance of organic food but have very limited budget so they are trying to buy at least something in small quantities, up to very wealthy people who spend huge sums of money on organic food.

“A typical consumer of organic food in Serbia is young women or young mothers, who care primarily about the health of their children, and those that have a life style that characterizes the health, wellness and active modernism.”

Economic, social and ecological influences

- Organic production can have important role in rural areas development (e.g. economic development, diversification of activities, attraction of financial sources etc)
- At the moment these influences in Serbia are not large scaled
- Its development is expected to contribute local community development
 - Employment
 - Preservation of existence / sustainability
 - Economic prosperity of small family farms, family property development
 - Local community and rural development
 - Environmental protection
 - Export contribution
- The better organization is precondition to gain benefits
 - regarding production and distribution
 - additional financial resources are needed

"Our manufacturing plant employs many people from the village, and organic production requires more labour as it is more labour-intensive, we think that during the season there is room for improvement in employment in our local community."

Municipalities are encouraging local producers and small and medium enterprises towards the organic production. It can preserve social peace and provide the sources for the existence.

"Based on the ecological principles, multifunctional agriculture revitalization allows various productions, development of family property and economic prosperity of small family farms. This is of particular importance in Serbia where 56% of farms have less than 3ha of land and where in the rural areas 54% of the population live. "

"... With an impulse from outside you get the money... They know that resources exist, but the money comes from outside, it is the main lever."

Distribution channels

- Not developed
 - Specialized health food stores include some organic products
 - Stands on green markets in 3 cities
 - “Eco corners” in some retail chains
 - They are not differentiated, mainly placed together with products for diabetics
 - Direct sell from the manufacturer
 - Eco tourism
- To have more developed distribution channels it is necessary to have:
 - Developed and organized production and continuity in supply
 - Adequate storage space in large cities to supply large and small distributors
 - Better price policy, better assortment and product presentation

“It is very important to invest more in marketing of organic products in Serbia in the way to educate new consumers for this niche and expansive (comparing to regular) products.”

“It is very important that store employees get to know the assortment because consumers ask for information and if seller does not provide them, consumer will go somewhere else.”

“At the moment, in Serbia there is no distributor specialized for the organic food... Mainly large producers have their own distribution. But the most of the production is exported.”

“Larger manufacturers mostly have their own facilities for processing fruits and vegetables, and they export nearly all their production, so in the county they have no distribution.”

“We miss trade network and the awareness that organic food products will be the most wanted or even the only requested products in the future. Large distributors need to understand that. There are a lot of cheap organic food products that can fill the shelves and make retail chains better stocked and recognizable.”



FOCUS

FOOD CONSUMER SCIENCE IN THE BALKANS



SEVENTH FRAMEWORK
PROGRAMME