

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY  
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT  
POLICY

Voluntary  Public

**Date:** 3/28/2011

**GAIN Report Number:** BK1101

## **Bosnia and Herzegovina**

**Post:** Sarajevo

### **BiH Fresh and Processed Fruit Product Brief 2011**

**Report Categories:**

Product Brief

**Approved By:**

**Prepared By:**

Sanela Stanojic-Eminagic

**Report Highlights:**

Bosnia and Herzegovina's (BiH) climate and terrain are suitable for a variety of fruits, and the fruit processing industry is fairly well developed. Nevertheless, BiH imports around \$100 million of various fruit products annually. The highly seasonal character of fruit production and poor quality post-harvest storage lead to seasonal surpluses and off-season shortages. One of the best prospects for trade and investment is in packaged fruit juice.

## General Information:

### Author Defined:

#### SECTION I. MARKET OVERVIEW

The current total market potential for fruit is estimated to be 700 million KM per annum (approximately \$500 million). The total number of fruit trees in BiH is around 30 million and total fruit production is around 320,000 MT.

Table1: Fruit Trees and Production of Fruit in BiH 2007-2009

|                      | Number of fruit trees |            |            | Production in MT |         |         |
|----------------------|-----------------------|------------|------------|------------------|---------|---------|
|                      | 2007                  | 2008       | 2009       | 2007             | 2008    | 2009    |
| <b>Cherries</b>      | 720,870               | 743,870    | 744,812    | 10,495           | 10,089  | 10,690  |
| <b>Sour Cherries</b> | 360,754               | 377,468    | 454,897    | 3,366            | 3,515   | 3,803   |
| <b>Apples</b>        | 3,982,891             | 4,189,878  | 4,610,256  | 60,962           | 51,946  | 71,507  |
| <b>Pears</b>         | 1,735,986             | 1,792,014  | 1,928,605  | 20,696           | 21,682  | 24,784  |
| <b>Plums</b>         | 11,003,183            | 11,355,841 | 11,604,612 | 138,707          | 132,623 | 155,767 |
| <b>Apricots</b>      | 86,823                | 92,301     | 97,252     | 837              | 614     | 1,077   |
| <b>Peach</b>         | 469,268               | 544,370    | 581,104    | 7,442            | 8,315   | 8,872   |
| <b>Walnuts</b>       | 508,854               | 516,458    | 523,063    | 5,098            | 4,839   | 5,71    |
| <b>Fig</b>           | 51,390                | 57,520     | 59,030     | 671              | 626     | 676     |
| <b>Grapes</b>        | 11,431,000            | 12,014,000 | 10,828,000 | 21,235           | 23,912  | 23,235  |
| <b>Total:</b>        | 30,351,019            | 31,683,720 | 31,431,631 | 269,509          | 258,161 | 300,411 |

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

Production of berries and strawberries has increased during the last few years due to relatively high investments in the berry processing sector (particularly deep freezing plants). In 2007, cultivation of American High Bush Blueberry started in BiH. Today approximately 30 ha of blueberries are cultivated in BiH. These orchards are expected to start providing significant quantities in the year 2010/2011. They are located in the wider Tuzla region, Eastern and Central Bosnia.

Table1: Total Harvested Area and Production of Berries in BiH 2007-2009

|                     | Harvested area in hectares |       |       | Total yield in MT |        |        |
|---------------------|----------------------------|-------|-------|-------------------|--------|--------|
|                     | 2007                       | 2008  | 2009  | 2007              | 2008   | 2009   |
| <b>Strawberries</b> | 1,363                      | 4,193 | 1,335 | 13,344            | 19,107 | 9,250  |
| <b>Raspberries</b>  | 973                        | 1,903 | 1,031 | 8,032             | 9,433  | 8,487  |
| <b>Total:</b>       | 2,336                      | 6,096 | 2,336 | 13,352            | 28,540 | 17,737 |

Source: Ministry of Foreign Trade and Economic Relations

The highly seasonal character of fruit production and poor quality post-harvest storage lead to seasonal surpluses and off-season shortages.

Industrial processing of fruit in BiH involves mainly drying and production of fruit juices or pulp (i.e., concentrated juice) and jams. There are approximately 15 medium-sized fruit processors and many smaller processors in BiH. The two largest companies (Vegafruit, Mala Brijesnica and Vitaminka, Banja Luka) produce around 25,000 MT of processed fruits and vegetables annually. Besides these two big processing companies, there are several other smaller processors with smaller capacities.

| Advantages | Challenges |
|------------|------------|
|------------|------------|

|  |  |
|--|--|
| Insufficient domestic fruit production, especially exotic fruits, and citrus   | 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               |
| Increasing number of large retail supermarkets that offer high-quality fresh fruit and a broad range of fruit products           | Average consumption of fruit per capita is relatively low  |
| The U.S. has a good reputation for quality   | Traditionally a good supply of fruit products comes from the region under the free trade agreement CEFTA |

In 2009, BiH's total fruit imports, fresh and processed, were around 140 million KM (about \$100 million) and exports around 27 million KM (\$19 million). BiH's main trading partners are Italy, Macedonia, Croatia, Serbia, and Slovenia. The largest quantities of BiH fruits are exported to the Russian Federation, Germany, Serbia and Croatia.

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

| Fruit                       | 2008              |             |                       | 2009              |             |                       |
|-----------------------------|-------------------|-------------|-----------------------|-------------------|-------------|-----------------------|
|                             | Quantity (t)      | Share       | KM                    | Quantity (t)      | Share       | KM                    |
| <b>Banana</b>               | 40,789.80         | 26.91%      | 35,465,922.46         | 37,118.59         | 23.81%      | 32,164,406.29         |
| <b>Citrus</b>               | 45,044.20         | 29.72%      | 33,900,795.63         | 43,841.34         | 28.12%      | 31,694,426.86         |
| <b>Peach and nectarine</b>  | 3,658.26          | 2.41%       | 3,060,270.65          | 4,357.74          | 2.80%       | 2,405,526.81          |
| <b>Pineapple</b>            | 507.78            | 0.34%       | 620,106.58            | 526.26            | 0.34%       | 551,607.32            |
| <b>Apricot</b>              | 341.20            | 0.23%       | 416,485.29            | 525.20            | 0.34%       | 449,201.95            |
| <b>Sour Cherry</b>          | 2,112.04          | 1.39%       | 998,389.64            | 2,614.79          | 1.68%       | 1,411,934.21          |
| <b>Kiwi</b>                 | 2,399.28          | 1.58%       | 2,074,627.77          | 3,065.71          | 1.97%       | 2,032,429.06          |
| <b>Watermelon and melon</b> | 9,372.31          | 6.18%       | 3,366,463.44          | 12,207.85         | 7.83%       | 3,416,364.06          |
| <b>Apple</b>                | 25,502.84         | 16.83%      | 11,054,284.46         | 28,308.07         | 18.16%      | 10,392,087.62         |
| <b>Plum</b>                 | 4,256.24          | 2.81%       | 1,308,285.31          | 4,898.93          | 3.14%       | 1,168,932.42          |
| <b>Pear</b>                 | 2,276.80          | 1.50%       | 2,357,057.03          | 1,969.87          | 1.26%       | 1,872,493.00          |
| <b>Grapes</b>               | 9,653.58          | 6.37%       | 8,121,458.97          | 7,765.55          | 4.98%       | 5,311,399.43          |
| <b>Nuts</b>                 | 2,027.69          | 1.34%       | 10,192,373.54         | 4,395.71          | 2.82%       | 13,567,304.09         |
| <b>Other fresh fruit</b>    | 1,045.03          | 0.69%       | 1,703,307.85          | 1,225.36          | 0.79%       | 1,532,654.96          |
| <b>Other fruit</b>          | 2,584.75          | 1.71%       | 6,446,881.39          | 3,082.02          | 1.98%       | 6,061,504.16          |
| <b>Total:</b>               | <b>148,831.32</b> | <b>100%</b> | <b>111,966,861.40</b> | <b>155,902.99</b> | <b>100%</b> | <b>110,127,350.18</b> |

Source: Ministry of Foreign Trade and Economic Relations  
Currency note: KM 1.00 = \$1.40

The U.S. accounted for 1% of total BiH fresh and processed fruit imports in 2009 (including semi-processed plums, cranberries, apples, processed tropical fruit, and fruit juices).

## **SECTION II. MARKET SECTOR OPPORTUNITIES AND THREATS**

With a climate and terrain suitable for a variety of fruits, investing in fruit production and processing has significant potential. It is necessary to introduce new varieties of trees and new hybrids that are better suited to local soil and climatic conditions and that offer higher yields. One of the best prospects for trade and investment is in packaged fruit juice. It is estimated that currently over 30 percent of local demand is met by imported brands. The average annual consumption of fruit juice is estimated to be 17 liters per capita (population of approximately 4 million). BiH imports fruit juices and concentrates mainly from Croatia, Slovenia, and Serbia. The total market potential for fruit juices is estimated to be 260 million KM/year. The entire fruit juice production sector currently has a capacity of 107,140 metric tons with approximately one-third capacity utilization. The fruit sector generally lacks proper cooling, processing, and storage facilities. Fruit processors note that there are fruit shortages not only in the off-season but throughout the year, affecting all types of fruit juice processors except for plum, apple, orange, and grape. The sector's additional weakness is compliance with both food quality and safety standards.

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>.

### **Key Contacts and Further Information**

FAS/USDA

US Embassy to BiH

71000 Sarajevo

Bosnia and Herzegovina

Tel.: +387 33 704 305, x4305

Fax: +387 33 704 425

Contact person: Sanela Stanojic- Eminagic

E-mail: [Sanela.Stanojic-Eminagic@usda.gov](mailto:Sanela.Stanojic-Eminagic@usda.gov)

