

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

Required Report - public distribution

**Date:** 12/23/2013

**GAIN Report Number:** RB1310

## Serbia

### Exporter Guide

### Annual Report

**Approved By:**

Christine Sloop

**Prepared By:**

Tatjana Maslac

**Report Highlights:**

Agriculture and the food sectors in Serbia in 2012 achieved an export value of USD 2.86 billion, almost the same as in 2011. Agriculture continues to be the sector with the largest contribution to total exports.

In 2012, agriculture contributed 24% of total Serbian exports, reaching a surplus of USD 1.27 billion.

The most important trading partner for Serbia is the EU and CEFTA countries. Serbia is a net agro-food exporter. The global economic crisis has depressed Serbia's high value food imports as Serbia's incomes have not kept up with the increased cost of living. Challenges for US exporters include high import tariffs for products from non-EU countries, low incomes which affect consumer buying power, standards which sometimes diverge from international norms, infrastructure issues and the presence of

monopolies in the retail chains.

**Post:**

Belgrade

**Author Defined:****I. Market Overview****Economic situation**

Until the global economic crisis hit in late 2008, Serbia was enjoying substantial economic growth.

This growth was fueled by relatively loose monetary and fiscal policies, and growing pensions and public sector salaries. The global economic crisis had a negative impact on growth and continues to pose serious challenges for Serbia. Painful austerity measures have been required for Serbia to receive loans from the IMF and other international financial institutions. In September 2011, Serbia signed a pre-cautionary Stand-By Arrangement (SBA) of EUR 1.1 billion (USD 1.27 billion) with the IMF.

However, the SBA was frozen in January, 2012, due to Serbia's failure to abide by the IMF's agreed fiscal targets. The GOS has been seeking a new SBA Arrangement, but so far has not been able to obtain one due to the IMF's concerns about the GOS' 2013 budget and mid-term fiscal consolidation plans, and structural reform plans. The IMF visited Serbia in September 2013, but no deal was reached. The next visit will occur in December 2013.

In 2013, Serbia's inflation averaged 11 percent. This is significantly above the National Bank of Serbia target range of 4 plus/minus 1.5 percent. Between January-December 2012, Serbia recorded USD 11.35 billion in exports, a decrease of 3.6 percent compared to 2011. Imports decreased by 4.3 percent compared to 2011 and were only USD 19.01 billion. Thus, Serbia's 2012 trade deficit was USD 7.66 billion, 5.2 percent less than in 2011. However, for January-February 2013, exports registered a significant increase (33.7 percent) compared to the same period in 2012, reaching USD 1.88 billion.

This jump in exports was mainly due to a very low base (last year's exports were catastrophic due to cold weather and an energy shortage that closed factories and decreased production and exports).

The IMF expects a "modest recovery" for 2013, while the Serbian Government is forecasting 2.0 percent growth. Unfortunately, Serbia's unemployment rate is a staggering 22.4 percent. Average wages are low, and the poverty level is rising. There is a growing informal economy, as the unemployed become desperate for income. Serbia is interested in foreign investment to create new jobs and improve the business climate. Several U.S. companies have invested approximately USD 3 billion in Serbia. The top investors are Philip Morris, Ball Packaging, Coca-Cola, and PepsiCo. Key investment areas include the mining sector, IT, healthcare/medical, and agriculture/food processing.

Serbian's top economic priorities are: continuing with EU integration (on June, 2013, the European Council endorsed the Council of Ministers conclusions and recommendations to open accession negotiations with Serbia, which will begin on January 21, 2014; becoming a member of World Trade Organization (WTO); strengthening the fiscal system; deepening institutional reforms to tackle bureaucracy and reduce corruption; and, strengthening the judicial system.

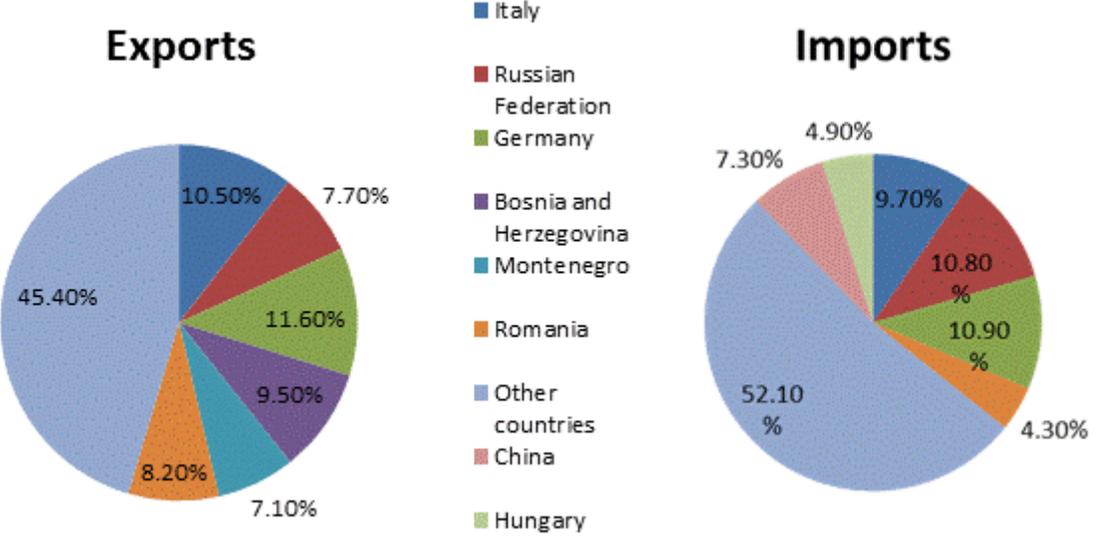
**Structure of the economy**

Serbia has been able to sustain its economic progress, despite the global downturn, as a result of the Serbian government’s macroeconomic stability policies. The government continues to implement reforms to strengthen Serbia’s economic structure, including steady privatization. Most of the economic activity is concentrated in services (about 66 percent of GDP), industry (22 percent) and agriculture (12 percent). Agriculture has been a key component of Serbia’s economic structure, accounting for employment of one-third of the total labor force in Serbia. Serbia’s industrial sectors contribute about a quarter of the nation’s GDP. Serbia's primary industries include the processing of base metals, furniture, food processing, machinery, chemicals, mining, sugar, tires, textiles, energy, and pharmaceuticals.

Agriculture remains the engine for development of rural areas. Agriculture is the only sector in the Serbian economy with a positive foreign trade balance. About 60% of Serbia’s agricultural land is used for cereal crop production including corn, wheat, barley, sunflower, soya, and sugar beet. Much of Serbia’s agricultural land is in the northern part of the country. Vojvodina accounts for 84% of Serbia’s total 4.2 million hectares of arable land. As per current statistical data, about 26% of Serbia’s labor force is actively employed in agriculture. There are about 630,000 agriculture households of which about 99.6% are family households and only 0.4% are legal entities. The average family holding is 4.5 hectares. Approximately 90% of Serbia’s arable land is privately owned and 10% belongs to the government. In 2013, the winter was mild, spring was relatively cold and rainy and summer was mostly moderate (with a short drought in August). These weather conditions favored the growth of field crops, resulting in a much larger estimated harvest compared to 2012 and even the multi-year average.

**Foreign trade**

The export growth trend which started at the end of 2012 and continued throughout 2013, mostly was the result of a boom in FIAT car exports (EUR 950 million for the first eight months of 2013, compared to EUR 300 million for all of 2012). However, agro food exports fell 14% (EUR 1.1 billion for the first eight months of 2013), as a result of the smaller 2012 crop and soft global prices for these goods in 2013. Imports only grew 3.3%, reaching approximately EUR 9.9 billion. For the first eight months of 2013, the trade deficit was only EUR 2.9 billion or approximately 27% lower than the same period the previous year.



## **Agricultural trade**

Serbia's bilateral trade agreements (i.e. the EU Stabilization and Association Agreement [SAA] and the Central European Free Trade Agreement [CEFTA]) created the conditions that transformed Serbia into a net agrofood exporter. This happened for the first time in 2005 with a surplus of \$255 million and Serbia's agrofood exports are now valued at more than a billion USD annually.

Apart from Serbia's preferential trade access as a result of these agreements and a favorable exchange rate, the following factors have contributed to this situation:

- For Exports: having competitive products, diversified markets, and strong global prices for cereals, as well as government policies promoting exports.
- For Imports: having high customs tariffs for the EU and WTO countries, coupled with weak domestic purchasing power and a soft global economy as well as complicated import procedures commonly requiring laboratory tests.

In 2012, agro food exports were value at USD 2.86 billion, almost the same as in 2011. Agriculture continued to be the sector with the largest contribution to total exports accounting for 24% of total Serbian exports and enjoying a trade surplus of USD 1.27 billion. The most important trading partner for Serbia remains the EU and CEFTA countries. EU countries accounted for 58% of Serbia's total agricultural exports and 45% percent of Serbia's total agricultural imports. Serbia has enjoyed preferential EU market access since 2001. The Serbian products with the best production and export potential are: grains, oilseeds, sugar, fruits, vegetables, non-alcoholic beverages, water, and confectionary products.

Effective January 1, 2014, under the Stabilization and Association Agreement, tariffs for most EU agrofood imports into Serbia will be reduced from approximately 23% to zero. Only a few strategic agrofood products will continue to have duties (averaging approximately 3.2%). It was agreed that 75% of agrofood trade will be fully liberalized immediately, 15% will have reduced tariffs ranging from 10-20% of the applicable MFN rate, and 12% will continue to be subject to the MFN rate until 2016.

Serbia also has Free Trade Agreements with the Russian Federation, Turkey, EFTA countries, CEFTA countries, Belarus and Kazakhstan.

Serbia's agricultural exports consist mostly of grains, sugar, fruits and vegetables (fresh and frozen), confectionary products and beverages. In terms of export value, the following are the most important: grain and grain products (USD 748 million), processed fruits and vegetables (USD 371 million), refined sugar (USD 198 million), edible sunflower and soya oils (USD 138 million) and wheat flour products (USD 124 million).

In 2012, total agrofood imports were estimated to be USD 1.6 billion, the same as in 2011, or 8.8% of Serbia's total imports. Serbia imports mostly high-value food items; with European products dominating the import market. It is expected that agricultural imports will continue to grow in 2013, due to growing demand for high quality consumer-oriented products that enter mostly from duty free from the EU. In 2012, Serbia registered an agrofood trade surplus of USD 1.26 billion, or 2.6% less

than in 2011.

In 2012, direct US agrofood exports to Serbia were valued at USD 25 million, down USD 3.6 million from 2011. U.S. agrofood exports consist mainly of corn, sunflower, and vegetable planting seeds, almonds, tobacco, dietetic foods and concentrated proteins without dairy fats, alcoholic drinks, frozen fish and seafood, pistachios and bovine semen. Despite the slight decline in 2012, U.S. exports of these products to Serbia are expected to continue to grow. In the medium term, Serbia is likely to increase imports of planting seeds, fish, and fishery products, pork for processing and high value consumer products and beverages. Possibilities also exist for expansion of U.S. exports of high value products, such as tree-nuts, raisins, snacks, beverage concentrates, planting seeds and seedlings, bovine semen and embryos, flavors and fragrances.

In 2012, total US agrofood imports from Serbia were USD 15 million, an increase of USD 670,000 compared to 2011. Serbia ships mainly dry fruits, frozen fruits (mostly raspberries), yeast, frozen vegetables, confectionery products, brandy, processed fruits (jams, puree, and jelly), sweet corn, wine, cheese, and bakery products. During 2012, the U.S. had a USD 10 million agrofood trade surplus with Serbia, or about USD 4 million less than the previous year.

### **Bilateral Agriculture Trade 2012**

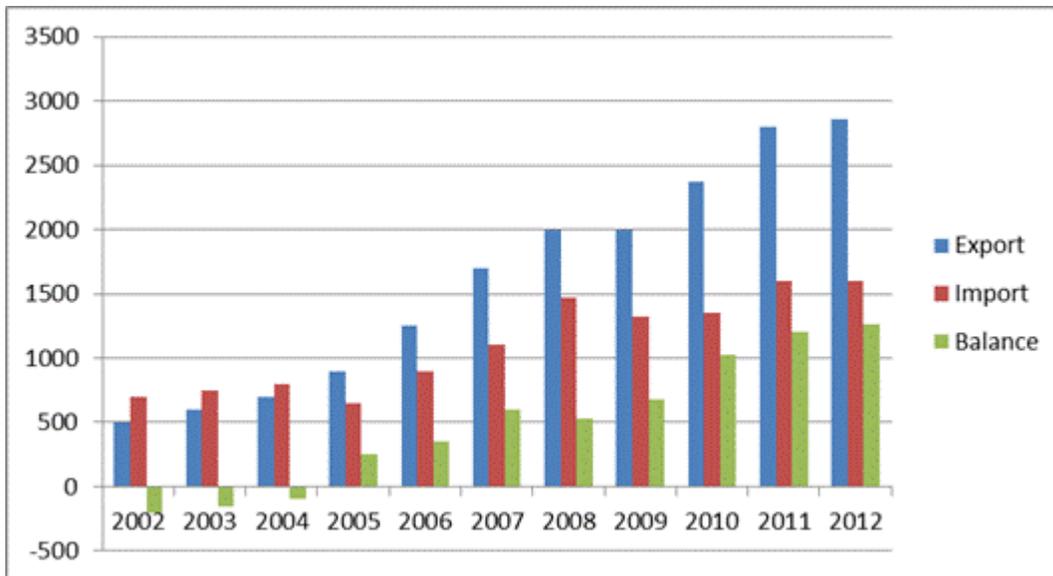
Major U.S. Exports to Serbia: \$25 million  
 Tobacco and tobacco products: \$4.9 million  
 Consumer oriented products: \$4.8 million  
 Almonds: \$3.7 million  
 Whisky bourbon: \$1.8 million  
 Protein concentrates: \$1.8 million

Major U.S Imports from Serbia: \$15 million  
 Dry fruits: \$4 million  
 Frozen fruits: \$3.5 million  
 Confectionery products: \$1.2 million  
 Yeast: \$1 million  
 Coffee: \$900,000

<b>Total Agriculture Trade (million \$)</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Exports</b>	2,000	2,000	2,370	2,800	2,860
<b>Imports</b>	1,470	1,320	1,350	1,600	1,600
<b>Balance</b>	530	680	1,020	1,200	1,260

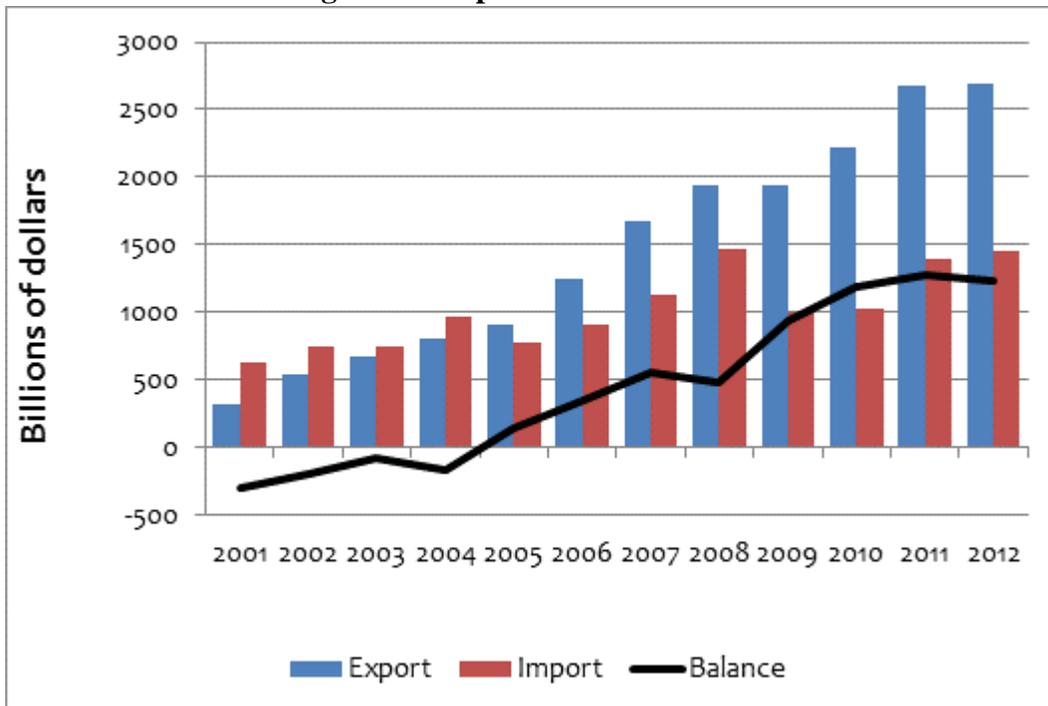
Source: Serbian Chamber of Commerce

### **Trade of agricultural products in USD**



Source: Serbian Statistical Office

**Balance of trade with agricultural products 2001-2012**



Source: Serbian Statistical Office

**Retail trade**

Retail chains have played a large role in the restructuring of the retail segment in recent years as government retail operations were privatized and later acquired by larger foreign companies. This led to the establishment of several large retailers in Serbia and allegations of monopolistic behavior. Retail trade turnover fell significantly beginning in the middle of 2012 and this trend has continued into 2013. Turnover declined 7.2% during the first eight months of 2013, compared to the same period in 2012.

According to the Serbian Ministry of Trade and Telecommunications, retail margins in Serbia are almost ten times higher than in other countries in the Balkan region, resulting in very high prices for food and other consumer products. This is mainly the result of very limited competition in the Serbian retail market. In 2011, the average retail margin was 19.7%, whereas the margin increased to 21.3% in 2012. Also the number of small stores in Serbia has decline by 47% since 2011. Serbia's consumer goods market is worth \$70.6 billion, a value expected to reach \$105 billion by 2016. The Serbian retail market is mostly divided between Belgium owned "Delhaize", owner of retail chains "Maxi" and "Tempo" and Croatian "Agrocor", owner of retail chains "Idea", "Roda" and "Mercator". Other retail chains in Serbia include "Metro", "Super Vero" "Univerexport" and "Intermex". German retail store "Lidl" has announced they plan to open 15 discount markets throughout Serbia in 2014.

### **Prices**

So far, in 2013, inflation has been decelerating, mostly due to the relative stability of the dinar and weak domestic demand. During the first eight months of 2013, prices grew on average by 0.3% per month, so that the annual inflation reached 7.3% as of August 2013. Continued weak domestic demand, the good agricultural season and the downward trend in global commodity prices, should mitigate any inflationary tendencies.

### **Changes in consumer behavior**

Serbian consumers are becoming more and more concerned about food safety and the environment, as well as conscientious about buying local. However, another trend that is developing is a widening of the divide between those who buy the most expensive and the cheapest products. The Serbian consumer is not just buying to satisfy his metabolic needs (he is not hungry), but also to meet health objectives and social ones (support small local producers and reduce pollution). So suppliers either need to be price competitive or quality competitive. Consumers are responding to branding and certification (i.e. geographic, organic, ecological) to support the quality attributes.

### **Trade Law**

Serbia's Trade Law ("Official Gazette RS No.53/10 and 10/13), <http://mtt.gov.rs/dokumenti/#закони>, divides commercial trade into wholesale and retail sales. In addition to licensed sales outlets, trade can be conducted remotely (e.g., e-trade, sale by catalogue or mail order, TV, phone etc.) and by direct offer (e.g. door-to-door salesmen etc.) through authorized representatives. Portable or mobile venues (e.g. kiosk, counter, bench, vehicle, etc.) are also authorized. The Law also defines special marketing institutions (e.g. commodities markets, fairs and other industry activities such as green markets, wholesale markets, and auction houses).

### **Market Opportunities for Consumer Foods and Fishery Products:**

#### *Challenges to Marketing High Value U.S. Food products in Serbia:*

- The weak economy affects consumer-purchasing power. An average monthly net wage in Serbia is only EUR 360 (\$493), while unemployment remains high (22.4%). As a result, the average Serbian consumer is very price sensitive;
- Quality and safety controls of locally produced and imported food products is still somewhat erratic as the inspection service is still updating its operations and may lack the latest equipment or technology;
- Labeling requirements are often not harmonized with international standards and can trade problems;

- Gray and black markets exist and have become more prevalent during the last four years, because of the global economic situation. The consumer association sources unofficially estimate that close to 27% of food products may be circulated thru these markets;
- Fraud and corruption remains a challenge, especially in relation to taxation and import duties.

Despite these challenges, there are market opportunities for high quality U.S. products as a result of growing consumer awareness in Serbia. In 2012, total U.S. agrofood exports to Serbia reached USD \$25 million. U.S. agrofood exports consisted mainly of corn, sunflower and vegetable planting seeds, snack food, almonds, tobacco, dietetic foods and concentrated proteins without dairy fats, alcoholic drinks, frozen fish and seafood, dried fruits and pistachios. U.S. exports of these products to Serbia are expected to continue to grow in the short term. In the medium term, Serbia is likely to increase imports of planting seeds, fish and fishery products, poultry meat for processing and high value consumer products and beverages. Possibilities also exist for high value products, such as tree-nuts, raisins, snacks, beverage concentrates, bovine semen and embryos, flavors and fragrances.

### Food Expenditures and Consumption

It is estimated that the average Serbian family spends 43.2% of its total monthly income on food and non-alcoholic drinks, 4.5 % on alcoholic drinks and tobacco, and 2.4% on restaurant and hotel services. This is significantly more than the EU average of 18% for food and non-alcoholic drinks.

#### Demographic Development and Impact on Consumer Buying Habits

Serbia has a population of 7.2 million inhabitants, of which 69% are of working age (the average age is 41.3 years old). This older population is mainly attributed to emigration, although the population growth rate is only -0.464% (2012 estimate). The country's population is mostly Serbian (83.3%) with ethnic minorities of Hungarian (3.5%), Bosnian (2%) and Roma (2%). According to a World Bank report published in 2012, approximately 47.60% of the population lives in rural communities. Although over the last 50 years rural populations have tended to move to urban areas, the latest trends since the 2008 world economic crisis is for some of the urban population to return to rural areas due to the lack of urban employment and growing opportunities in agricultural production and rural tourism. The total percentage of the population living below the poverty line in Serbia is 8.8%, according to 2011 estimates. The distribution of poverty is uneven with the gross average income being significantly higher in cities (Belgrade in particular) than in rural areas. The average Serbian household is comprised of 2.9 members.

<b>Advantages</b>	<b>Challenges</b>
Serbian consumer-ready food imports are increasing.	Serbia is not a member of WTO and the US has no tariff advantages.
International retail chains have become more prevalent.	U.S. products tend to be higher priced than CEFTA, Russia, Turkey, Belarus, Kazakhstan products which enjoy preferential market access.
Urban populations continue to grow and generally have higher incomes.	The Serbian market is relatively small and price sensitive.
EU accession negotiations will start in 2014 (There should be improvements in the biotech	Serbia may still maintain a de facto ban on biotech products and may continue to impose

legislation and U.S. goods that are transshipped thru EU Member States will enjoy the EU access).	certification and testing requirements that are not science based.
During the EU accession process and transition period before tariffs are completely eliminated there may be market opportunities for U.S. products if immediate steps are taken to secure those markets.	Serbia is a member of CEFTA and has entered into free trade agreements with Russia, Kazakhstan, Belarus, and Turkey, thus these countries already enjoy preferential access for their agricultural products.
Serbia has shortages of some agricultural products (beef, pork, poultry, soybean meal, almonds, snack food, beans, seeds, fish, and seafood).	Serbia conducts most of its trade with nearby countries. Long distance and high shipping costs put US products at a disadvantage compared to EU and CEFTA sourced products
Serbia does not produce rice and certain fruits and vegetables.	The regulatory process can be cumbersome.
Serbia needs new seed varieties of crops and vegetables.	Serbia continues to ban biotech products.
Serbia is a member of Codex, OIE, UPOV, FAO, and OECD, all of which are organizations that have agendas generally complementary to U.S. trade interests and priorities.	Given Serbian aspiration to accede to the EU, Serbia is likely to support EU positions in these venues even before it joins.
Serbia has huge demand for the U.S. animal genetics under very low custom tariffs.	Serbian purchasing power is modest

## II. Exporters Business Tips

### General Import Procedures

The Foreign Trade Law (“Official Gazette RS” No.36/09, 36/11 and 88/11), <http://mtt.gov.rs/dokumenti/#закони>, regulates foreign trade. The flow of goods designated for import is supervised by the Serbian Customs authorities. Customs supervision generally ends when goods are customs cleared and import duties paid, although special customs procedures exist for customs warehousing, inward processing relief, and transit.

In the areas of the customs valuation, origin of goods, tariff classification and customs procedures, Serbia tends to apply the recommendations and guidelines of the World Trade Organization (WTO), World Customs Organization (WCO), and the global trading rules set by the General Agreement on Tariffs and Trade (GATT). Serbia is still bringing its customs regulations and practices fully in line with those of the EU and with the guidelines set by the above mentioned international organizations. For example, the Customs Tariff Law provides that Decisions on the classification of goods enacted by the Harmonized System (HS) Committee, as a body of the WCO, as well as those enacted in the EU and published in the Official Journal of EU, are enforceable in Serbia. These decisions are published in the Official Gazette of the Republic of Serbia. The Serbian Government annually reconciles the national Customs Tariff with the Combined Nomenclature (CN) of the EU.

In the past, one of the main customs issues was the fact that simplified customs procedures weren’t

being implemented although they were provided for under Serbia's regulations. However, in 2010, the Serbian Customs Administration issued instructions to implement the simplified procedures and grant authorized exporter status.

Serbian regulations do not impose significant restrictions on foreign trading. However, there are some restrictions on the import of certain types of goods, i.e. import licenses are required for certain pharmaceutical substances, meat products, precious metals, arms and dual-use goods. Furthermore, restrictions are imposed on import/export payment and collection operations as defined by the Law on Foreign Exchange Operations. Exports and imports of goods or services for which payment has not been collected and/or made for longer than one year from the day of execution of exports or imports, as well as goods or services that were not exported and/or imported for longer than one year from the day the advance payment was made and/or collected are considered as foreign loans and as such have to be registered with the National Bank of Serbia.

Goods imported in Serbia are subject to customs duty rates provided in the Law on Customs Tariff ("Official Gazette RS" No.62/05, 61/07, 112/07, 9/08, 10/09, 100/09 and 66/10, 95/11, 11/12 and 115/12 or <http://www.upravacarina.rs/en/Zakoni%20engleski/SR-Customs%20Tariff%20Law-EN-2009.pdf>) and the Decree on "Harmonization of Customs Tariff Nomenclature for 2013 (<http://www.carina.rs/lat/Poslovnazajednica/Stranice/Carinskatarifa.aspx>). Custom tariff rates can be found at <http://www.carina.rs/lat/Zakoni/Uredba%20CT2013.pdf>. These rates are ad valorem (with certain exceptions) and apply on goods originating in countries which have Most Favored Nation (MFN) status with Serbia. Goods originating in other countries are subject to MFN rates increased by 70%. Serbia's customs duty rates fall into the following tranches: 0%, 1%, 3%, 5%, 7%, 8%, 10%, 12%, 12.5%, 15%, 18%, 20%, 22%, 25%, 30% and 57.6% (the last rate currently applies only to other cigarettes containing tobacco - tariff code 2402 20 90 00).

Serbia's customs authorities also assess excise duties on oil derivatives, tobacco products, alcoholic beverages and coffee (green, roasted and ground coffee and coffee extracts). Excise duties in Serbia are either specific (for oil derivatives, alcoholic beverages, cigars and cigarillos), ad valorem (for coffee and pipe tobacco), or combined (for cigarettes - specific + ad valorem on retail price).

VAT is payable on all imports, assessed together with customs duty. For most types of goods, the general VAT rate of 20% applies, calculated on the customs value and inclusive of customs and excise duty (if any). For the importation of certain goods (e.g. fruit and vegetables, meat, cereals, pharmaceuticals) the reduced VAT rate of 8% is applicable.

There are a small number of specific types of administrative fees relating to customs processing, charged when customs declarations or requests for certain customs procedures are submitted. However, these fees are relatively low.

Import duties are payable after customs declaration is accepted and the customs bill with calculated amount of duties is issued by the relevant customs office. The assessed duty amount should be paid within eight days on the special budget account for import duty payments. Import goods can be released after payment appears in the Customs IT system or an appropriate instrument for securing payment of the duty amount is submitted (bank guarantee or cash deposit).

### **Local business customs**

For exports of goods from the United States to Serbia it is important to identify a potential agent or

distributor. Conducting appropriate due diligence is important prior to signing a contract with potential representation. Although English is widely spoken in the business community, U.S. companies will want to have a representative with strong Serbian language skills and cultural knowledge. In addition, business in Serbia is still conducted to a large extent based on personal contacts. In this respect, it is critical to find a partner who is committed to abiding by both local and U.S. laws. Importers, wholesalers and distributors can provide transportation, product storage, and market information and can effectively market goods to local consumers.

The Foreign Agriculture Service Office-Belgrade can assist U.S. companies when exporting to Serbia by providing a list of potential importers/distributors and wholesalers of U.S. products, offering counseling on the market, explaining import requirements, and facilitating communications with Serbian Government Officials (including Serbian Customs Office, Veterinary and Phytosanitary Import Inspection) if appropriate. Please see the Key Contacts section below for contact information. For more detailed import standards and regulations please refer to 2012 Food and Agriculture Import Regulations and Standards (FAIRS Report), Narrative and Certification that can be downloaded at: <http://fasintranetapps-gain.fas.usda.gov/Lists/Advanced%20Search/AllItems.aspx>

### **General Consumer Tastes and Preferences**

According to the “GfK” Belgrade [www.gfk.rs](http://www.gfk.rs), the average Serbian consumer spends 42% of his/her monthly income on food, compared to the average EU consumer who only spends 16% of his/her income on food. Most Serbian consumers view price as the primary factor when purchasing food and beverages. Large supermarket chains have become more popular as the main food sales point over the last ten years. Customers generally purchase food once or twice a month from these outlets. Due to rising food prices and the weak purchasing power of many Serbian consumers, some consumers are also returning to their neighborhood corner shops to make daily purchases of staple foods. Perishable foods, fruits, vegetables, bread and fresh meat are mostly sold at specialized stores or green markets.

In general, consumption of red meats in Serbia is fairly high. The largest consumption is of pork meat.

Consumption of beef has declined (due to high prices) while poultry consumption has increased (lower prices) due to the economic crisis. Average annual consumption of meat in Serbia is 60.8 kg/inhabitant kg/year (EU average is 78 kg/inhabitant), of which 27.3 kg is pork meat, 17.2 kg is poultry, 14.4 kg is beef and 1.9 kg is lamb. On a per capita basis, the average annual consumption of vegetables is 99.8 kg and for fruits it is 37.3 kg. Serbian consumption of bread is 106 kg/annually/inhabitant two times higher than the EU average of 50 kg/annually/inhabitant, while milk and dairy consumption in Serbia are 87 liters/annually/inhabitant or four times less than the EU average of 320-380 liters/annually/inhabitant. A typical Serbian meal is comprised of pork or poultry meat, potatoes or some other vegetables.

There are ethnic restaurants (e.g. Italian, Chinese, Korean, Japan, Mexican, Argentinian, French, Lebanese, Greek, and Turkish) and “Food Corners” serving different varieties of fast food in the larger Serbian cities (Belgrade, Novi Sad and Nis). Fast food has become more popular amongst the younger working population. Also, most supermarket chains in the bigger cities offer ready-to-eat food at relatively low prices. In smaller cities, most people prefer to prepare meals at home from fresh items from green markets or grown in their own garden.

**Food Derived from Genetically Engineered Ingredients (“GMOs”)** – Public opinion is generally uninformed and founded on the media’s negative reporting versus the international scientific community’s consensus about the food safety aspects or technological advances of this technology. The

issue has proven to be too politically charged, so that even politicians in favor of innovation do not take a public stance. Grain farmers and trader organizations are not united on the issue, as there is both an import and export interest involved. Serbian researchers are well educated and are not anti-GMO, but are not active in passing this message to the general public. Serbian livestock and poultry farmers are aware of the fact that with adoption of Serbia's GMO Law in 2009, all imports of GE soybean meal for cattle feed were blocked resulting in drastic increases in feed prices. Livestock farmers and cattle feed producers are eager to buy EU approved GE soybean meal from Argentina, Brazil or the United States to reduce input costs. The current Serbian GMO Law adopted in 2009, does not conform to WTO rules, as it does not provide for a system to review GMO products and instead completely bans their sale and cultivation. The Serbian GMO law is more restrictive than the current EU policy.

**Organic food** - In 2011, there were 218 certified organic farmers producing organic products on approximately 5,000 hectares. However, only 600 ha were actually certified by the certified agents accredited by the national Ministry of Agriculture. An additional 9,000 ha are still in the transition period of qualifying for organic production. Of Serbia's arable land, only 0.3% is currently dedicated to organic production, but it is growing. In 2005, Serbia only had 35 organic producers and 906 ha. More than 90% of Serbia's organic production is exported to EU countries (Germany, Belgium, Austria, Switzerland, Great Britain, etc.) and the US market. Most of the production is fruit, vegetables (particularly mushrooms), cereals, and medical herbs. Serbia also is importing some organic products such as baby food - Germany, organic spaghetti - Slovenia, and rice - Macedonia.

Given limited incomes and the still modest living standard, eating organic is not a top priority for the average Serbian consumer. Although disposable income has increased over the past ten years, food prices have also risen significantly, limiting the growth in organic produce. There is general impression that many certified organic products are imported, except for certain fruits, vegetables and cereals. There are almost no organically certified animal products on the market. The market is dominated by imported baby food products. Serbian baby food still is not certified. Certified cosmetic products have continued to grow, but certified organic textiles are hard to find. The retail sector for organic food in Serbia is still underdeveloped. There are only a few outlets in Belgrade and Novi Sad. Certified organic foods can be found only in some green markets, specialized health food stores, and a few supermarket chains. Although organic products have found their way into the supermarket chains, not much has been done to promote them. There are a growing number of health counters in the supermarkets, where products claiming health advantages are intermixed with organic products, but little is done to explain how organic is defined.

### **III. Market Sector Structure and Trends**

#### **Retail Sector Key to High Value Imports**

Per capita food expenditure averaged EUR 630 a month in 2011, whereas the monthly per capita food expenditure was only EUR 370 in 2004. Citizens in Belgrade have to spend even more than people living in the countryside. In contrast to other countries in the South Western Balkans, the concentration of retail outlets has not yet been completed. More than 70% of all food products in Serbia is still sold through small grocery shops, estimated to number close to 30,000. Tempo, a cash and carry market, was the first to open a retail chain in 2004 and many other chains have followed since then. During the

last couple of years there has been a rapid expansion in private label sale. About 30% of the products in supermarkets are sold under private labels. Dairy products are the most common private label item, followed by snack foods, cereals and cleaning supplies. Serbian consumers are indicating that they sometimes buy private label brands if a product is of a higher quality or it offers a higher value than the national brand alternative. Most of the consumers cited price as the primary reason for purchasing a private label brand.

**Tourism**

In 2012, the total number of foreign tourists reached 810,000 visitors, a 6.0% increase compared to 2011. Out of total number of foreign tourists, 52.2% visited Belgrade, 8.4% visited Novi Sad, 7.5% visited spas and 8.6% went to mountain resorts. The visitors were mainly from Slovenia, Montenegro, Bosnia and Herzegovina, Germany and Italy. Serbia’s tourist infrastructure is just starting to develop, with new private and foreign investments.

**Catering**

In 2012, the total turnover for the catering sector in real terms was EUR 506 million, or 5.8% higher than the previous year, with food accounting for the largest share (46,7%), followed by alcoholic and non-alcoholic beverages (25.1%), and other (22.9%).

**Promotion and Marketing Strategies**

A media campaign is strongly recommended when introducing a new food product on the Serbian market. Advertising is a very important tool in presenting new products mainly through internet, billboards, newspapers, magazines and TV. Supermarkets also use direct marketing mostly through flyers about their products, prices and special discounts. Very often in-store promotions, informal gatherings, and tasting events are used to present new food products. Food sales via the internet are still very limited in Serbia.

Trade events and agriculture/food fairs are also very popular in Serbia and can be an excellent way to market products and services and to find local partners and distributors. The “Novi Sad Agriculture Fair” is the largest and most popular fair for agricultural products, food and equipment. It has a long history and takes place every May (<http://www.sajam.net/live/Dogadjaji/Sajmovi/2013/MPS>). Also the following are popular fairs for food and beverages in Belgrade: “Culinaria Fine Food” (<http://www.tradefairdates.com/Culinaria-Fine-Food-M7408/Belgrade.html>), “Wine Fair” ([http://www.sajam.co.rs/en/home/details/params/sajam\\_id/60821.html](http://www.sajam.co.rs/en/home/details/params/sajam_id/60821.html)) and “Food and Drink Expo” (<http://www.dukeandpeterson.com/en/>).

**IV.**

<b>Product Category</b>	<b>2012 Total Imports (Million \$)</b>	<b>Average Annual Import Growth In Value (2006-</b>	<b>Key Constraints Of Market Development</b>	<b>Market Attractiveness For USA</b>

		2012)		
Tobacco Products	110.7	3%	EU and CEFA preferential customs tariffs	Serbia has a shortage of tobacco products and is net importer
Fish & Seafood	42.0	5%	Competition from EU seafood exporting countries	Demand and consumption is increasing along with changing eating habits and growth in restaurant and tourism business
Snack Food	98.9	10%	Strict biotech legislation and significant competition from EU and CEFTA	Market that will continue to grow with demand for new products
Coffee and Tea	24.2	5%	Strong competition from South America, Africa, India and Vietnam.	Growing market and demand for greater variety and higher quality
Grains and Vegetable Seeds	72.6	10%	Strong competition from domestic Seed Institutes and EU companies.	Growing demand for higher quality of new varieties of seeds to achieve higher yields and higher quality products
Animal Feed	20.4	10%	Strict biotech legislation and strong competition domestic supplies and EU/CEFTA countries.	Seeking lower cost inputs
Protein concentrates	17.8	20%	Lack of familiarity with U.S. products.	Growing demand and interest in new products
Wine	40.0	15%	Strong competition from EU and CEFTA countries at lower price point.	Growing market for higher end wines as Serbian living standard increase
Pet Food (Dog & Cat Food)	16.2	30%	Competition from EU/CEFTA countries and U.S. franchises in the EU. Harmonization of Veterinary Health Certificate for US exports still not completed	Serbia has very limited production of pet food. Consumption of pet food is expected to grow with an increase in the standard of living
Pork	7.1	500%	Serbia is not accepting U.S. Veterinary Certificate with both options related to trichinae in the pork meat, either testing or freezing. Serbia is mostly importing pork meat from EU and CEFTA countries under preferential import tariffs	Serbian is not producing enough pork meat for domestic consumption and imports for the last 6 years increased fivefold. Growing market especially for pork meat for further processing

\*Tariff rates can be found at [www.carina.rs](http://www.carina.rs)

**V.**

**Key contact and Further Information**

**FAS/USDA**

U.S. Embassy  
Bulevar kneza Aleksandra Karadjordjevica 92,  
11000 Belgrade, Serbia  
Phone: ++381 11 706 4158  
Contact person: Agriculture Specialist, Mrs. Tatjana Maslac  
E-mail: [tatjana.maslac@fas.usda.gov](mailto:tatjana.maslac@fas.usda.gov)  
Web page: <http://serbia.usembassy.gov/>

**Serbian Ministry of Agriculture, Forestry and Water Management**

Nemanjina 22-26,  
11000 Belgrade, Serbia  
Phone: ++ 381 11 260 7960  
Fax: ++ 381 11 260 7961  
E-mail: [info@minpolj.gov.rs](mailto:info@minpolj.gov.rs)  
Web page: [www.mpt.gov.rs](http://www.mpt.gov.rs)

**Serbian Ministry of Internal and External Trade and Telecommunication**

Bulevar Mihajla Pupina 2,  
11070 New Belgrade, Serbia  
Phone: ++ 381 11 311 3432  
Fax: ++ 381 11 311 4650  
E-mail: [kabinet@mtt.gov.rs](mailto:kabinet@mtt.gov.rs)  
Web page: [www.mtt.gov.rs](http://www.mtt.gov.rs)

**Serbian Ministry of Economy**

Kneza Milosa 20,  
11000 Belgrade, Serbia  
Phone: ++ 381 11 36 42 700  
E-mail: [cabinet@privreda.gov.rs](mailto:cabinet@privreda.gov.rs)  
Web page: [http://www.privreda.gov.rs/?change\\_lang=en](http://www.privreda.gov.rs/?change_lang=en)

**Veterinary Department/International Trade and Certification**

Omladinskih brigada 1,  
11000 Belgrade, Serbia

Contact person: Mr. Sinisa Kotur

Phone: ++ 381 11 2602 634

Fax: ++ 381 11 2602 498

E-mail: [vetuprava@minpolj.gov.rs](mailto:vetuprava@minpolj.gov.rs)

Web page : <http://www.vet.minpolj.gov.rs/srb/kontakti/kontakt-uprava>

### **Phytosanitary Department**

Omladinskih Brigada 1,

11070 New Belgrade, Serbia

Phone: ++ 381 11 311 7371

Web page:

[http://www.uzb.minpolj.gov.rs/index.php?option=com\\_content&view=article&id=54&Itemid=2&lang=en](http://www.uzb.minpolj.gov.rs/index.php?option=com_content&view=article&id=54&Itemid=2&lang=en)

### **Inspection on sanitary conformity**

Serbian Ministry of Health

Department for Sanitary Inspection

1, Omladinskih Brigada Str.

11070 New Belgrade, Serbia

Phone: ++ 381 11 2607 874

Web page: [www.zdravlje.gov.rs](http://www.zdravlje.gov.rs)

### **Market inspection**

Serbian Ministry of Internal and External Trade and Telecommunication

Department for Market Inspection

Nemanjina 22-26

11000 Belgrade, Serbia

Phone: ++ 381 11 361 4334

Web page: <http://razvoj.mtt.gov.rs/en/sectors-of-the-ministry/sector-for-market-inspection/>

### **Directorate for National Reference Laboratories**

Serbian Ministry of Agriculture, Forestry and Water Management

Batajnicki drum bb,

11080 Zemun, Serbia

Phone: ++ 381 11 377 2070

Fax: ++ 381 11 377 2025

E-mail: [office-dnrl@minpolj.gov.rs](mailto:office-dnrl@minpolj.gov.rs)

Web page: [http://www.dnrl.gov.rs/index\\_e.html](http://www.dnrl.gov.rs/index_e.html)

### **Customs clearance**

Serbian Custom Administration

Bulevar Zorana Đinđića 155 a,

11070 New Belgrade, Serbia

Phone: ++ 381 11 2690 822

E-mail: [pr@carina.rs](mailto:pr@carina.rs)

Web page: <http://www.carina.rs/en>

**Institute for trademarks, patents and intellectual property**

Intellectual Property Office

Knjeginje Ljubice 5, 11000 Belgrade

Phone: ++ 381 11 2025 800

Fax: ++ 381 11 311 2377

E-mail: [zis@zis.gov.rs](mailto:zis@zis.gov.rs)

Web page: [www.zis.gov.rs](http://www.zis.gov.rs)

**Statistical Office of the Republic of Serbia**

Milana Rakica 5,

11000 Belgrade, Serbia

Phone: +381 11 2412 922

Fax: +381 11 2411 260

E-mail: [stat@stat.gov.rs](mailto:stat@stat.gov.rs)

Web page : <http://webrzs.stat.gov.rs/WebSite/>

**American Chamber of Commerce in Serbia**

Smiljanićeva 24/I,

11000 Belgrade, Serbia

Phone: +381 11 30 88 132; 34 46 437

Fax: +381 11 30 88 922

Email: [info@amcham.rs](mailto:info@amcham.rs)

Web page: [http://www.amcham.rs/about\\_amcham.34.html](http://www.amcham.rs/about_amcham.34.html)

**Chamber of Commerce and Industry of Serbia**

13-15 Resavska Street,

11000 Belgrade, Serbia

Phone: +381 11 3300-900

Fax: +381 11 3230949

E-mail: [info@pks.rs](mailto:info@pks.rs)

Web page : <http://www.pks.rs/>

**Accreditation Body of Serbia**

Bulevar Mihaila Pupina 2,

11070 New Belgrade, Serbia

Phone: + 381 11 301 47 44

Fax: +381 11 313 03 74

E-mail: [office@ats.rs](mailto:office@ats.rs)

Web page: <http://www.ats.rs/en>

**VI.**

## Other Relevant Reports

2012 Food and Agriculture Import Regulations (FAIRS), Narrative and Food and Agriculture Import Regulations (FAIRS), Certification at <http://fasintranetapps-gain.fas.usda.gov/Lists/Advanced%20Search/AllItems.aspx>

<b>Table A. - Main indicators</b>	
<i>Current status in the EU accession process:</i>	Serbia is starting Accession Negotiation process with EU in January 2014 (in March 2012, Serbia was awarded candidate status)
<i>Capital:</i>	Belgrade
<i>Currency:</i>	Republic Serbian Dinar (RSD)
<i>Population:</i>	7.24 million (2012)
<i>Government system:</i>	Parliamentary republic. National Assembly (250 members) names executive authority – prime minister
<i>Main industry sectors:</i>	Agriculture, Automotive, Food Processing, Metals and Chemicals
<i>Foreign direct investments:</i>	USD 3,125 (year 2011) source: National Bank of Serbia (NBS)
<i>Major trading partners 2012:</i>	Germany, Bosnia and Herzegovina, Italy, Russian Federation
<i>Real GDP/ GDP per capita:</i>	EUR 28.63 billion/EUR 3,959
<i>FX rates (December 2012) :</i>	113.72 RSD / 1 EUR
<i>VAT rates:</i>	20% or 10% (reduced rate for basic foods)
<i>Corporate/individual tax:</i>	15% or 10-15% (individual)
<i>Next parliamentary elections:</i>	2016
<i>International organizations:</i>	Member of more than 50 int'l orgzns, including CEFTA, UN, Interpol, EBRD, UNHCR, OIE, UPOV, IPPC, CODEX