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Organic Agriculture in Serbia

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Organic Products

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Report Highlights:

Serbia has around 218 certified organic farmers with organic production on approximately 5,000 hectares. Only 600 hectares are certified by the certified organizations that are accredited by the Ministry of Agriculture. Total organic production accounts about 30,000 tons of organic products. Total market value of organic products in Serbia is about \$55 million. Imported organic products can be found on supermarket shelves and in specialized stores. At present, more than 90 percent of all organic production is exported. Serbia has a potential growth of this sector but Government support for organic farmers is limited due to reduced agriculture budget for this year.

General Information:

Organic Agriculture in Serbia

First organic production in Serbia has started in late 70's. For the last ten years, production and processing of organic products became more popular and economically more important. Serbia

does not have central database system and is hard to give precise figures about the size of organic production. Also the number of certified agents by the Ministry of Agriculture, that are involved in certifying organic production is much less than the total number of agents that are not certified. According to the official data from the certified agents, organic production is currently conducted on around 1,200 Ha. But, according to the unofficial data from the agents that are not certified by the Ministry of Agriculture, organic production in Serbia is currently conducted on much larger area of about 5,000 Ha; while additional 9,000 Ha of land is still in the period of transition towards organic production. That makes total of organic production on some 14,000 Ha or only 0.3% of the total arable land of 4.2 million Ha that is available in Serbia. The total number of registered organic farmers in Serbia is 218.

Organic development in Serbia is export driven. The fruit sector products are mainly exported, while vegetables and cereals are both produced for export and for domestic consumption. The most important organic products are wild or cultivated berries exported as frozen or processed and frozen, salted and dried wild mushrooms, other fruits and vegetables. Vegetable and cereal production is located mainly in the region of Vojvodina, while production of fruits and mushrooms is concentrated in the Central and South Serbia.

Serbia has a potential for growth of this sector, but mainly in rural areas where conventional production is not possible or sources of pollution are not near by. Subsidies for organic production for CY2009, which are very limited due to the reduced agriculture budget, are 5 million dinars (\$71,500) that will be used for certification, education and marketing. Since the financial subsidies for the organic producers in EU are 600 EUR/Ha per seasonal crops and 900 EUR/Ha for multiseasonal crops, Serbian producers of organic crops are having difficulties to compete on the EU market.

Regulatory Framework

Organic production in Serbia is regulated by the Ministry of Agriculture, Forestry and Water Management's Department for organic production. The new Law on Organic Production and Organic Products was adopted by the Serbian Parliament in July 2006 ("Official Gazette" No. 62/2006). This Law and Ordinances that were lately adopted are harmonized with EU ordinance 2092/91 and EU Ordinance 834/2007 on organic production and labeling.

The most important participants in organic production in Serbia, including consultants, certifiers, professors, researchers, producers, ministry officials and NGO representatives were involved in

creation of the first Serbian Law on organic production and organic products. Law on organic agriculture regulates organic production of agriculture and non-agriculture products, processing, storage, transportation, labeling, declaration and trade of organic products. This Law also regulates certification of organic production. General goals of the Law are: to strictly regulate production of the organic product with exact defined procedure of production, to assist continuing rural development of Serbian country side, to protect consumers by imposing obligatory label on the products that clearly shows that the product is organic, to protect natural resources against pollution, to further develop sustainable development of the Serbian agriculture and protection of biodiversity.

Law introduced some new procedures concerning certification of organic production. Certification is given to separate accredited organizations, while Ministry of agriculture is responsible for issuing accreditation to those organizations, keep registration of organic producers, do the inspection of the certified bodies and propose measures for further development of organic agriculture in Serbia.

After adoption of the new Law on Organic Production and Organic Products in 2006, Ministry of Agriculture issued six ordinances that were adopted by the end of 2008:

- Ordinance on national label on organic products (“Official Gazette” 107/2007)
- Ordinance on conditions for trading with organic products (“Official Gazette” 07/2008)
- Ordinance on keeping data and reporting on organic production (“Official Gazette” 14/2008)
- Ordinance on packaging, storing and transportation of organic products (“Official Gazette” 96/2006)
- Ordinance on requirements to be met by a legal entity issuing the certificate, i.e. re-certificate for organic products and on the manner of their issuing (“Official Gazette” 81/2006)
- Ordinance on official identification of inspectors for organic production (“Official Gazette” 61/2008)

Currently there are three changed additional ordinances in connection with organic production waiting to be adopted by the Serbian Parliament:

- Ordinance on methods of organic agriculture production and collection of forest fruits and herbs for medical use as organic products
- Ordinance on methods for organic cattle production
- Ordinance on technological procedures in processing, methods and means for technological lines cleaning, approved ingredients, additives and additional substances in organic

production.

Ordinance on national label on organic products has introduced national organic label (Figure 1.) that every organic product that is properly certified in Serbia must have. The label is authorized and maintained by the Ministry of Agriculture. Beside this label Ministry of Agriculture introduced another label for products that are in the process of conversion from the conventional production into the organic production (Figure 2.). Exporting organic products can further complicate the certification process. Since most nations maintain their own organic label, a producer must work with a certification body approved by the nation in which the product will be marketed to be able to use the labels of that nation.

Figure 1.

Label for the organic product



Figure 2

Label for the products that are currently under the process of conversion



Before certification, farms must undergo a conversion period during which organic principles are implemented to reduce non-approved input residues in the fields. The inability of many Serbian farmers to afford synthetic inputs over the past fifteen years has resulted in low levels of prohibited residues in many areas. As a result, conversion periods in Serbia are significantly shorter than in the most developed nations. While a conversion in the EU can take up to five or six years, conversions

of one or two years are not uncommon in Serbia. As a result, the potential for rapid growth in the sector is significant.

Ministry of Agriculture is entitled to give accreditation to organizations that are certifying organic production. Only 600 Ha are certified by the Ministry's accredited organizations. Around 4,500 Ha are certified by organizations that are not accredited by the Ministry. Accreditation procedure includes registration at the Ministry of Agriculture and regular reporting to the Ministry about certified organic production. Most of the organic products that are not processed are being exported, and Serbia is preparing to perform custom control of the goods being exported without certified organizations approved by the Serbian Ministry of Agriculture.

Production

According to the unofficial sources, in 2007 organic production is conducted in Serbia on about 5,000 Ha, while additional 9,000 Ha of land is still in the period of transition towards organic production. That makes total of organic production on some 15,000 Ha or only 0.3% of the total arable land of 4.2 million Ha that is available in Serbia.

Total organic production of organic products was about 30,000 tons of which raw agriculture products were around 25,000 tons and high value products 5,000 tons. According to the NGO "Terra's" that is involved in organic production, total market value of organic products in Serbia is almost 40 million EUR (\$55 million).

The official data on the number of organic producers in Serbia by the Ministry of Agriculture is around 218 certified operators in 2008. The most important organic products in Serbia are wild and cultivated fruits and berries. Export consist primarily of frozen berries (raspberries, strawberries, blackberries and blueberries) and smaller amounts of frozen and dried plums and sour cherries, organic certified jams, sweets, apple concentrate, vinegar and juices. The main regions for organic fruit production are Central and South Serbia, where the most important organic certified cooling plants are located. The cooling plants gather farmers into grower associations, between 15 and 600 farmers pro group.

Several companies in Serbia deal with wild and cultivated dried medicinal and aromatic herbs for export. Total land from which herbs are being collected is almost 1 million Ha. The collection of certified organic wild mushrooms also is well developed in Serbia, primary in the Southwest parts of the country. Frozen, salted and dried wild mushrooms are major export products. Donor and investors are very much interested in further development of organic fruit production in Central Serbia.

In Vojvodina, the region of intensive agriculture, organic cereals like wheat, maize, barley and oats, as well as pumpkins and sunflower are well developed. The main organic products are flour, dried pumpkin seeds for human consumption, oils, and creams. Several big companies and farms have contracted for export. These crops are produced on units of 100 and 300 Ha, which is quite big for Serbian conditions, and the operators that have individual certificates.

Certified organic vegetable production is relatively small. Fresh, frozen and preserved vegetables, especially ground red peppers, are mainly exported but some fresh vegetables are consumed on the domestic market as well. There are no examples of organic certified livestock production. The producers of organic products are mainly individually certified but there are also a few examples of grower group certification.

Organic cultivation in Serbia can be divided into two categories. The vast majority of organic farms are less than one hectare in size and produces for the local market and their own consumption. Often these farms have no incentive to differentiate their product since few consumers are willing to pay a premium for organic products. The small number of farms are focused on exports tend to be larger in size and they produce majority of Serbian organic products that are mostly exported.

Table 1.

Organic producers in Serbia

Name of producer	Main organic products
Agroekonomik, Belgrade	Frozen fruits, fruit juices, fruit juice concentrate
Atle, Belgrade	Frozen fruits
Biosil, Ugrinovci	Pasteurized vegetables
BMD, Arilje	Mushrooms
Radoslovi, Nis	Fruits jams
ML fruit, Valjevo	Frozen fruit
Sirogojno Company, Sirogojno	Frozen fruit
Donimpex, Velika Plana	Frozen fruit
Suncokret, Hajdukovo	Essential oils
Marni, Krusevac	Mushrooms
Zdravo ORGANIC d.o.o., Selenca	Fruit jams, pasteurized vegetables
Foodland, Belgrade	Fruit jams, pasteurized vegetables and marmalades

Consumption

With less than 0.01% of the products consumed in Serbia being organic, compared with 3-4% within Europe, growth is inevitable. However, with the average income of less than USD 400 per month most Serbians are unwilling to pay the additional 30-40% premium for organic products. But all studies show that the Serbian consumers that are between 25 and 40 years old, urban and educated (and mostly female) are ready to buy organic products and to pay more for certified organic food. Some consumers are ready to pay higher prices for locally grown fruits, vegetables, meat and milk products and products from specific regions because they know that less or no chemicals are used. Super markets, health food shops, and specialized open markets for organic products such as “My farm” in Novi Sad, ethnic and fancy restaurants are in constant demand for agriculture organic products.

NGO “Terra’s” from Subotica was the first association formed to assist Serbian farmers with organic production, mainly with education, promotion, lobbying, organizing seminars and work shops in order to promote organic production. “Terra’s” is organizing promotional activities through “Bio festival” that is conducted regularly in North of Vojvodina. Second most active NGO “Green network”, from Novi Sad is regularly organizing open green market called “My farm”, that is gathering organic producers from the whole country. Market is taking place twice a month and the goal is to promote organic agriculture, to present high quality of organic products and to assist small agriculture producers to sell organic products. NGO “Green network” is also publishing an organic bulletin with news in connection with organic production, giving advices to organic producers and promoting companies involved in organic production. Open markets “My farm” are part of the larger project called “Sustainable agriculture and rural development in Vojvodina” funded by “Rockefeller Brothers Fund” from New York, Regional Ministry of agriculture and several well known large companies involved in agriculture production.

There are many different labels and brands in Serbia for “healthy food” like natural, eco, and bio. Some of them are confusing and are not having connection with organic production. Market channels of the organic products in Serbia are on-farm selling, farmers green markets, large supermarket chains and specialized shops of healthy food.

Exports/Imports

Currently, Serbia is exporting around 90 percent of all organic production. Serbia mainly exports organic fruits, vegetables, frozen fruits, fruit juices, fruit juice concentrate, jams, mushrooms, essential oils and medical herbs to Great Britain, USA, Germany, Belgium, Austria and

Switzerland. Serbia is importing organic products such as baby food from Germany, organic spaghetti from Slovenia and rice from Macedonia. There is no official data of import of organic products in Serbia. Serbia is exporting mainly raw organic products, while processed high value products are mainly consumed locally on the domestic market (supermarkets, specialized shops for organic food and direct sale from farms to homes).

Government Policy

Subsidies for conversion, certification, promotion and protection of local organic products, establishing demo farms, processing and tourist facilities with the aim of farmers and advisories education were introduced for the first time in 2004. First subsidies were to cover about half of the certification costs and for cooperation and some educational activities. In CY2009 Ministry of Agriculture will have the same amount for support of organic production in Serbia of 5 million dinars (USD 71,500). Subsidies for organic production will include support in conversion, certification, promotion and protection of local organic producers, establishing demo farms, processing and tourist facilities with the aim of farmers and advisories education.

With the goal to increase land with organic production and to increase the number of farmers that are involved in organic production in 2009 Serbian Government will pay subsidies:

- 20,000 dinars (\$286) per Ha of crops
- 30,000 dinars (\$429) per Ha of vegetable and fruits
- 15,000 dinars (\$214) per head of cattle
- 5,000 dinars (\$71) per number of small animals
- 1,200 dinars (\$17) per beehive

The Ministry of Agriculture developed international and regional cooperation with the goal to increase the level of knowledge of public officials and improving the institutional framework for organic production. All parts of the organic chain are present but the sector is still not enough organized, with the lack of coordination and cooperation among projects, activities and stakeholders.

Serbia is currently in the process of organizing its first National Association of Organic Producers. Also it is in the process of further harmonizing its regulations on organic agriculture with EU regulations with assistance of TAIEX program of the EU. Government goal is to become full member of IFOAM (International Federation of Organic Agriculture Movements).

Conclusion

In the early development of organic production in Serbia the main actors were NGOs, companies, traders and investors that made organic production to take off and to increase. The negative consequence of not enough Government involvement is that organic sector is not organized, organic market still does not exist and level of knowledge on organic production is still very limited. The development of the domestic market is going slowly due to the lack of organizational structure in the production, promotion and exposure in media. Other obstacles are the absence of standards and successful certification organizations and lack of advisory service.

The main task for the future development of the organic market in Serbia is to assist in merging all local producers in one cooperative chain and to further create institutional conditions for the further development of organic agriculture. A national organic label, transparent list of allowed inputs in production, transparent certification process and strong promotion of the benefits of the organic products would assist in further development of this very prosperous part of the Serbian agriculture production.

Sources and Contacts

Ministry of Agriculture, Forestry and Water Management

www.minpolj.sr.gov.yu

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Association “Terra’s”, Subotica

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Web page: www.terras.org.yu

Serbian Chamber of Commerce

www.pks.komora.net/poljoprivreda

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Attached to this Report: Law on Organic Production and Organic Products

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Web page: [http://www.usembassy.rs/Embassy/Agriculture Section/index.html](http://www.usembassy.rs/Embassy/Agriculture%20Section/index.html)

Appendix 1

List of Organic certifiers that have been accredited by Serbian Ministry of Agriculture for certification and recertification of organic products:

1) “SGS-Beograd” d.o.o.

Boze Jankovica str.39,

11000 Belgrade

Serbia

Phone: +381 11 3978 773

Fax: + 381 11 3874 092

Web page: www.sgs.com/organic-certification

2) “Evrocert” d.o.o.

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Phone: + 381 11 324 4142

Fax: + 381 11 3341 649

E-mail: office@evrocert.co.yu

Web page : www.evrocert.rs

3) “Organic Control System Subotica” d.o.o.

Trg Cara Jovana Nenada 15,

24000 Subotica

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4) “ Bioagricert” d.o.o.

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