

Vegetable Industry in Serbia



Serbia Investment and
Export Promotion Agency

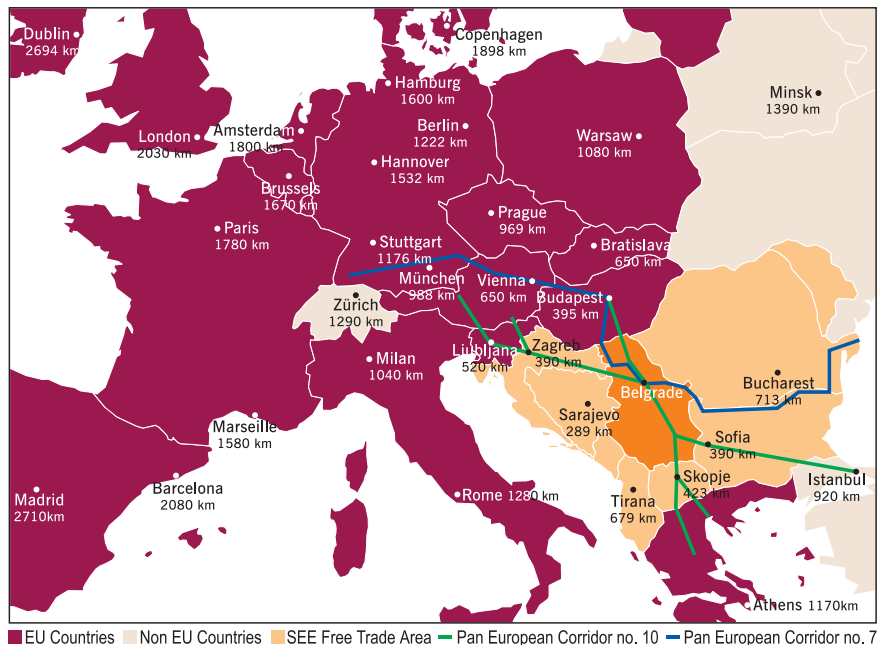
SIEPA



Contents

| | |
|--|----|
| General Data | 2 |
| About Serbia | 3 |
| Investment Incentives | 4 |
| Serbian Agriculture Industry | 5 |
| Vegetable Sector | 6 |
| Vegetables by Variety | |
| Potatoes | 8 |
| Tomatoes | 9 |
| Cucumber | 10 |
| Watermelons | 11 |
| Cabbage | 12 |
| Pepper | 13 |
| Success Stories | |
| Marbo Produkt | 14 |
| PIK Bečej | 14 |
| Aleva, Novi Kneževac | 15 |
| Polimark | 15 |
| Marni | 16 |
| Futog | 16 |
| 7.JULI, Šabac | 17 |
| Frikom | 17 |
| Organic Production | 18 |
| Trade Structure | 19 |
| Sustainable Development | 20 |
| Reform of the Agricultural Policy | 21 |
| Industry Leaders | 22 |
| About SIEPA | 24 |

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|--------------------------------|--|
| Official Name | Republic of Serbia |
| Form of State | Republic, member State of the State Union of Serbia and Montenegro |
| Legal System | Based on the Serbian Constitution of 1989 |
| Political Structure | President, Unicameral Assembly with 250 seats |
| Area | 88.361 sq km |
| Population (in million) | 7.498 |
| Geographic Position | South East Europe, central part of Balkan Peninsula; bordering Hungary, Bulgaria, Romania, FYR Macedonia, Albania, Bosnia and Herzegovina, and Croatia |
| Official Language | Serbian |
| Main Religion | Christian Orthodox |
| Largest Cities | Belgrade (capital): 1.5 million, Novi Sad: 300.000, Niš: 250.000 |
| Currency | Dinar (CSD) |
| Exchange Rate | 1 USD = 63.0545 CSD, 1 EUR = 81.4979 CSD (as of 29th of April 2005) |
| GDP (2004) | 21.377 billion USD |
| GDP per Capita (2004) | 2.813 USD |
| Time Zone | Central European time zone (GMT + 01:00) |
| Internet Domain | .yu |



About Serbia

The Republic of Serbia is situated in the central part of the Balkan Peninsula, on the most important route linking Europe and Asia. Serbia is a natural gateway between South East Europe and Western and Central Europe. Positioned at the intersection of the Pan European Transportation Corridors No. 10 and No. 7, Serbia is offering a great accessibility to all of Southeastern and Central Europe countries.

With 7,5 million people, the Serbian market is among the largest in the region. Serbia is in the middle of the South East Europe Free Trade Zone that provides duty-free access to a market of 55 million people. In addition, Serbia and Montenegro is the only country outside the CIS that enjoys a free trade agreement with the Russian Federation, offering tariff-free access to a market of 150 million people.

The territory of Serbia is divided into two major natural and geographical areas:

- Lowlands of Vojvodina, on the North, are characterized with mosaic distribution of native vegetation, meadow-steppe, woodland-steppe and sand character. All of them together with wetlands along rivers Danube, Sava, Tisa and Tamiš, and marsh terrain between them provide extremely favorable conditions for field crop farming, cattle breeding and growing of fruits and vegetables.
- Highly-mountainous area, including mainly mountain chains of Balkan, Dinaric and Carpathian region, provides diverse climatic conditions favorable for variety of fruit growing and cattle breeding.

The whole territory of Republic of Serbia consists of 70% of arable land, and 30 % of forests and forest woodlands. Traditional family-owned small farms and private estates prevail, with the average commercial farm occupying 500-700 ha. Family farms consist of small plots and are based mostly on small-scale production, often turned over to commercial use.



Investment Incentives



If you invest in fixed assets

Taxpayers investing in fixed assets are entitled to a tax credit of up to 20% of the value of the investment made in that year. The tax credit is limited to 50% of estimated tax in the year of the investment. The unused portion of the tax credit can be carried forward up to 10 years.

Taxpayers classified as small companies are entitled to a tax credit of up to 40% of the value of their investments in fixed assets in the year of investment. In this case, the credit is limited to 70% of assessed tax in the year of the investment. Certain industries, including agriculture, are entitled to receive a tax credit of up to 80% of investments made in purchasing fixed assets with their own financing. The unused portion of any such credit can be carried forward for up to ten years.

If you employ new workers

Taxpayers who employ new workers are entitled to a tax credit equal to their new employees' gross salaries plus related social security contributions paid by the employer.

For your big investments

Taxpayers who invest over CSD 600 million (around 7.4 mill. Euro) in fixed assets and employ at least 100 new workers are not liable for corporate income tax for up to ten years, provided that those assets are used for the activities for which the taxpayer is registered.

Other incentives

- Import of equipment and other assets as well as construction materials representing a foreign entity's investment is exempt from customs duties.
- Import of raw materials, semi-finished and component parts carried out for the purpose of realization of a long-term production contract in cooperation with a foreign producer is exempt from customs and other import duties.
- The liberalization of property laws made it possible for foreigners to own real estate.

Serbian Agriculture Industry

Characterized by rich land resources and favorable climate, agriculture presents a vital sector of the Serbian economy. The importance of agriculture in the Serbian economy is derived from excellent natural conditions for development of primary agricultural and food processing industry.

Great variety of different natural conditions results in a high diversity of agricultural production. Serbian terrain ranges from flat and rich lowlands of Vojvodina in the north, to hilly terrain in the central Serbia and high mountains on east, west and south borders of the country, suitable for cattle breeding and growing of various fruit.

Serbia's diverse climate has created unique opportunities for primary production of different sorts of vegetables. Climate conditions vary from temperate to continental. It is characterized by cold winters, warm and moist springs yet hot, sunny and dry summers, ensuring good supply of fresh fruit and vegetables.

Agriculture sector accounts for approximately 21% of GDP and 26% of total exports. According to the population Census of 2002, approximately 18% of population in Serbia lives on income received from activities in the agricultural sector. From this category of population 61% works full time in the sector.

Total area of agricultural land in Serbia amounts to 5,115,000 ha in 2004. The share of arable land in total agricultural lands is 85.3%, of which 39% is in the province of Vojvodina.

The agricultural production is based on private owned farms. In the structure of private farms, small private households are dominating. Private farms cultivate approximately 85% of agricultural land, or 80% of arable land. Only 5.5% of producers from the total number of 778,891 cultivate over 10 ha of land. The main subjects of intensive production are large farms that also represent the basis for large processing capacities.



Vegetable Sector

Structure of the primary production

Serbia's diverse climate and good land resources have created unique opportunities for the development of primary vegetable production. Vegetables are grown on more than 10% of arable land in Serbia. Vegetable crop production is characterized by small scale production primarily for individual needs. Surplus occurs only in the farms which sell vegetables in the open markets of bigger consumer centres. Vegetable crops for industrial processing and for the mass market are grown on larger areas near large industrial centres.

The largest vegetable production centers are Leskovac, Niš, Aleksinac, Kraljevo, Čačak, Ub, the vicinity of Belgrade and Horgoš, as well as some other places in Vojvodina. The total annual production of vegetables adds up to over 2 million tons.

Potatoes, along with peppers and green peas, are the most extensively grown vegetables in Serbia. The biggest producers of table potato are located in the central parts of Serbia (Čačak, Guča and Ivanjica) and in Vojvodina. Other crops range from more common fresh vegetables with year round supply like onions, tomatoes, cabbage, carrots and beans to seasonal vegetable crops such as lettuce, leek and spring onion. Other vegetable crops are also widely grown (spinach, carrots, zucchini, radish, red radish, horseradish, parsley, parsnip and celery).

The organic production of vegetable crops in Serbia is in its early stages. Large plough field areas and present capacities for own production of quality seeds and seeding represent bedrock for future increase in volume of organic production in Serbia. Creation of improved varieties and development of new cultivation methods is undertaken by a very large network of state owned institutes, development organizations and universities. Research is focused mainly on technologically improved vegetable production leading to high quality of seed and vegetable crop production together with the protection of the environment. Research programs are responding to the needs of commercial farms to improve profitability of primary production and food industry.

Vegetable processing industry

The vegetable processing industry, due to the existing capacities, has a significant potential to develop. Annual vegetable production is approximately 2 million tons with important surpluses for processing and exports. The vegetable processing industry in Serbia includes about 25 companies with capacity for production of frozen, canned and dried vegetables. Large companies like Yucom, Frikom, PIK Bečej, Aleva Novi Kneževac and BAG Bačko Gradište dominate the industry.

The major processed vegetable crops in Serbia are potatoes (French fries, potato chips and puree), tomatoes (tomato paste products, tomato juices, ketchup) and pepper (pasteurized, dried paprika and ajvar). Other important processed products include: mushrooms (pasteurized and dried), cucumbers (pickles) and beans.



Primary Production of Vegetables, 2004



Source: National Statistical Bureau

Potato



Serbia has a huge potential and long tradition of growing good quality table potatoes. At the same time, Serbia is also recognized as one of the regional leaders in seed potato production constantly improving its quality through institutional development of new potato varieties.

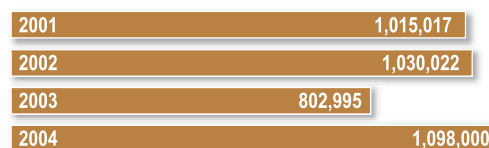
In 2004, with an average yield of nearly 10.9 tons per hectare and total production of 975,090 tons, potato is the most widely grown vegetable in Serbia. Potatoes are sown on 89,050 ha in Serbia, out of which North Serbia region accounts for 41% of total harvested area. Most of the primary potato production takes place on privately owned farms in rural areas which is sold on the local market for consumption of fresh potatoes. The potato processing industry is supplied by large producers.

In 2004, Serbia exported 9,019 tons of fresh potato, valued at almost 540,000 US dollars. The biggest importer of fresh potato from Serbia in 2004 is Romania with more than 6,800 tons, worth 328,959 US dollars.

The potato industry in Serbia has a wide variety of products: frozen, processed and snack food. Mostly, potatoes are processed into potato chips and frozen French fries. Serbian potato snack food and frozen French fries production was estimated at 540 tons in 2004, with 13% decline from 2003. Other products of the potato industry, instant potato puree and potato flakes, accounted for 627 tons of total potato food industry production. During the 2001–2004 period, over 3,000 tons of potato food industry products (mostly frozen and potato snacks), worth more than 6.2 millions dollars were exported.







Potatoes production, in tones



Source: FAO

Tomato

| Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|-----|-----|-----|-----|-----|---|--|---|---|-----|-----|-----|
| | | | | |  |  |  |  | | | |

The Serbian tomato industry comprises a fresh market and processing sector. With good quality of tomato seed, land and favorable climate, fresh tomato production is constantly increasing. In 2004 total production reached 184,688 tons with increase of average yield of 8.9 tons per hectare.

In Serbia tomato is grown both in gardens for small household's consumption and on fields, glass-houses and plastic tunnels in large quantities for industrial production. Fresh tomato is grown on small private farms. Such production gives small producers possibility to adjust their fresh tomato production to local market demands. Today, 30 varieties of tomatoes have been registered. The tomato is planted from mid April to mid May, with harvest commencing early June and ending in late July.

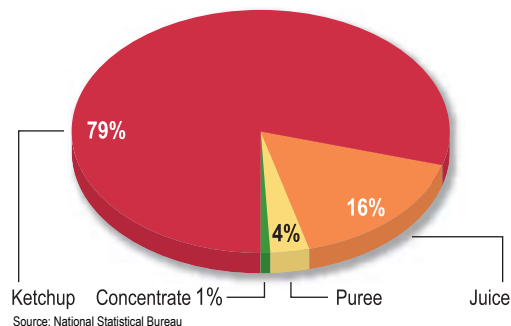
High plastic greenhouses are used all year round for production of fresh tomatoes. In early spring the greenhouse production is mainly that of tomatoes, occupying 60% of the total area. Yield is high above the average reaching 70–120 tons per hectare.

The majority of freshly produced tomatoes is sold on the local market in greengroceries and supermarkets. Since the domestic demand for tomatoes is easily met, Serbian fresh tomatoes could be an interesting export product. In 2004, total export of fresh tomato reached 739 tons worth more than 110,000 US dollars.

The Serbian tomato processing industry includes large number of small and medium sized companies producing tomato juices, paste products, tomato puree and ketchup. The major product of the tomato industry is ketchup, followed by increasing production of fresh tomato juices for both national and export markets. In 2004, the tomato processing industry in Serbia produced 6,347 tons and exported over 25% of quality ketchup worth more than 1.9 million US dollars mostly for consumers in the European Union market.



Structure of tomato processing industry 2004, in %



Cucumber

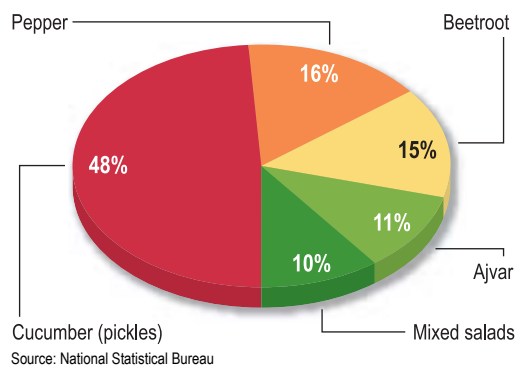
| Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
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| | | | | | |  |  |  | | | |

Both slicing and pickling cucumber is grown in Serbia. Average yearly production fluctuates depending on season and market conditions. In 2004 the production of fresh cucumber reached around 65 tons with average yield of 7 tons per hectare. Greenhouse production accounts for approximately 6% of the total cucumber production with higher yield of 8–16 tons per hectare.

The slicing cucumbers are grown mostly in home gardens and plastic greenhouses for the fresh market. Cucumbers are harvested from the field in early spring in small plastic-covered greenhouses. Most of the field crop does not ripen until late June. Slicing cucumbers are sold fresh for immediate consumption both on the domestic and foreign markets. Pickling cucumbers are primary used for processing and pickling. They are grown in high greenhouses on larger areas for industrial processing.

Cucumbers are an important crop in the Serbian food industry. The cucumber processing industry is considered to be the biggest and most valuable sub-sector of pickled-pasteurized vegetables in Serbia. The total production of this sub-sector amounted to 2,955 tons in 2004, and this sector boasts some of the largest producers of processed vegetables located in Central Serbia: Budimka (Požega), Srbijanka (Valjevo) and Vojvodina (Yucom, Tavankut).

Production of pasteurized vegetables 2004, in %





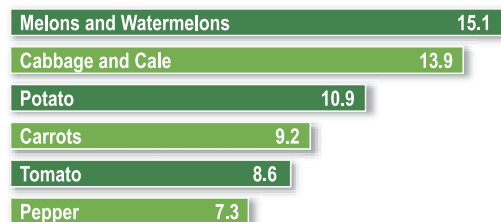
Watermelons

Watermelon as a vegetable crop is known to be grown and cultivated since the nineteenth century in villages located in Eastern Serbia. Favorable climatic conditions with many sunny days during its growing season represent a good base for watermelon production in Serbia.

With more than 15.1 tons per hectare (in some regions it goes up to 90 tons per hectare) watermelon presents vegetable crop with the highest yield. Watermelons are used fresh for consumption for their tender, sweet and fresh taste. During the harvest season (July–August) watermelon is mostly sold on the local market through markets, greengrocers and supermarkets. In 2004 only 10% of the total watermelon production (worth 2 million US dollars) has been exported.

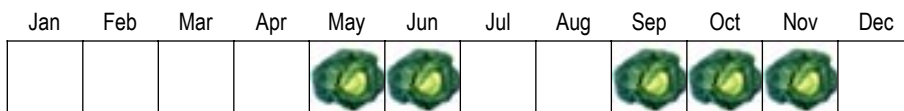
Watermelon production is mostly located in the small scale farms but, in the last few years, has been increasing both in open field and in greenhouses. Early production of watermelons is facilitated in plastic greenhouses, providing a protected environment in early spring. High plastic greenhouses yield more than 10% of watermelon production for fresh market. In 2004 more than 265 tons of watermelons were grown on area of 17,500 hectares.

Yield of different vegetable crops 2004, in tones per hectare



Source: National Statistical Bureau





Cabbage

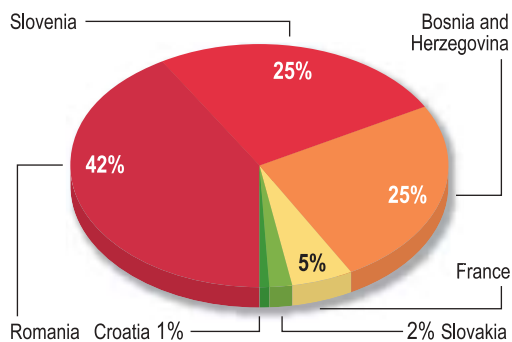


Fresh cabbage in Serbia is produced by small and medium sized farms. This production takes place on approximately 21,822 ha mostly located in Western Serbia (Ivanjica area) and Vojvodina (Futog). The average yield at open fields during the season is 13.9, and it accounts among the highest after the watermelon yield per hectare (15.1).

Fresh cabbage production, of 304,085 tons per year, primarily satisfies the increasing domestic demand. Cabbage is sold locally, mostly through fresh markets and supermarkets, as one of the most preferred vegetables of Serbian consumers.

During the last five years, trade has become an important factor in the cabbage production sector. Naturally preserved autochthon cabbage of excellent quality has high profit and fast market penetration possibility. In 2004 total exports of Serbian cabbage were made up mostly of fresh cabbage and were valued at 101,000 US dollars. Fresh cabbage is being exported mostly to the neighbouring countries. The largest market for Serbian cabbage is Romania, accounting for 42% of total cabbage exports in 2004.

Cabbage export markets 2004, in %



Source: National Statistical Bureau

Pepper

| Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|-----|-----|-----|-----|-----|---|--|---|---|-----|-----|-----|
| | | | | |  |  |  |  | | | |

Serbia has two well known pepper manufacturing and trading centers: Leskovac area (production of dried and fresh pepper) and on the north of Vojvodina (production of industrial spice pepper – mild, hot and pounded).

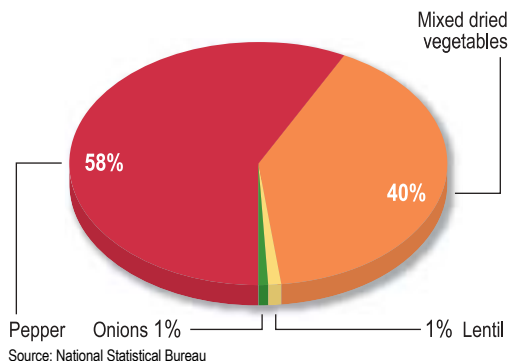
On the domestic market, peppers are mostly used fresh. The range of processed fresh pepper products consists of frozen, pasteurized and pepper used for production of “Ajvar”. In 2004, the pepper processing industry in Serbia produced 941 tons of pasteurized and 639 tons of processed peppers, which were used to produce “Ajvar” (a Serbian salad).

From the economical point of view, processing and trade of spice pepper is essential since it is considered to be one of the most important spice vegetable crops.

In Serbia the spice pepper is planted on approximately 3,400 ha of which 85–90% is located in the north of Vojvodina (Horgoš). In 2004, spice pepper processing sector has produced over 551 tons of melted spice pepper and 770 tons of dry paprika.



Structure of exports of dried vegetables 2004, in %



success stories



Marbo Product is one of South Eastern Europe's leading companies in the snack food industry. With a monthly processing capacity of 700 tons, it is a leader on the Balkans in the terms of capacity. Marbo Product is also an absolute leader on the domestic market in the snack food industry and production of instant potato puree. Marbo Product brands present on the Serbian market are: "Chipsy" (potato chips), "Minut" (instant potato puree) and "Pardon" (sticks, pretzels, crackers).

Marbo Product is a member of American and European Association of Snack Producers, European Snack Association (ESA) and Snack Food Association (SFA). The company will soon be certified under ISO 14001 and HACCP quality systems.



PIK Bečej is a 45 year old company with increasing production, exports and revenues. Last year the company exported € 4 million of processed vegetables predominately on the Russian market € 2.9 million. PIK Bečej has an enormous potential: 14,000 ha of cultivated land of which 4,500 ha is under the irrigation system. The company yearly produces: seeds for 350,000 ha, 100,000 pigs, 12 million liters of milk, 450 tons of freshwater fish and 14,000 tons of processed vegetables.

Flora, fast expanding unit of the company, is in charge of vegetable processing with capacities 9,500 tons of canned products and instantly quick frozen products 4,500 tons. Pasteurized products: cucumber and pepper, sterilized products: peas, string beans, ajvar, chili pepper, compotes and tomato concentrates. Quick frozen products: peas, string beans, sweet corn, carrots, pepper and mixed vegetables. Company has plans for further expanding and increasing exports in 2005 on € 6 million with major focus on the Russian market with targeted € 3, 5 million. As support to those plans company participated on the International food fair – PRODEKSPO 2005 in Moscow and was awarded bronze medal for high quality canned peas.



success stories



Aleva is joint-stock company founded in 1952. Today, after more than 50 years, Aleva is a modern food producer making more than 100 different products. Its main products are: milled spice pepper of various quality, dried vegetables, “kulinat” condiment, soups, mixed vegetables condiments and different spices for various applications, puddings, foamy desserts, teas, beverage flavourings, spices for home use and meat processing industry, coffee and a large assortment of packed products.

The company employs 200 permanent workers and additional 200 seasonal workers during vegetable and spice pepper processing. Annual production of over 4.000 tons of various products is the result of the company's long experience, high quality domestic resources and “quality at first place” policy. Today, Aleva is a well recognized brand in many EU countries as well as in the USA and Australia. The success of Aleva has made it the main economic engine of the city of Novi Kneževac.



Even though Polimark is a young company, it has become a leader in the production of ketchup, mayonnaise and mustard in this part of Europe. With 70% of market share in ketchup production, Polimark is ready to significantly expand its operations in the very demanding Serbian market. The key to the company's success lies in a permanent commitment to quality improvement using high quality ingredients, cutting edge technology and highly educated employees. Microbiological and chemical control in every step of the production process and cooperation with scientific institutions also contribute to success. It has invested a lot into quality and it proved to be good strategy in the long run.

The company operates under ISO 9001:2000 and HACCP quality systems.



success stories



Marni is one of the largest producers of frozen and pasteurized mushrooms in Serbia. The company's mushrooms processing plant is located in Krusevac, in an area with unpolluted soil in beech and pine forests, with microclimate ideal for mushrooms production. Processing plant has a quality technological equipment for primary and secondary processing of forest mushrooms. They offer a wide range of healthy and high quality food: fresh, dried and frozen mushrooms, mushrooms pate and pasteurized mushrooms in jars.

In program of preserved mushrooms, Marni has developed the production of mushrooms preserved in virgin sunflower or olive oil. This is unique product, which is prepared in specific process, only from natural components, without additives and preservatives.

Today, Marni's mushroom programme is being exported to customers in USA, Canada, Germany, Austria, Holland, France, Spain, Slovenia and Croatia.



Futog

In the southern part of Vojvodina, near Novi Sad, lies a small place called Futog. Futog is well known for its geographical position favourable for any kind of agricultural production, especially production of fresh cabbage. In the beginning of the nineties of the past century the farmers and producers of sour cabbage organized an association called "Podunavlje Farmers' Cooperative". Organizations' main objective was to represent farmer's interests and to supply local and foreign markets with sour cabbage products.

Sour cabbage producers from Futog have excellent growth and profit potential thanks to high quality raw materials (autochthon cabbage) and long tradition in sour cabbage production. The proof of Futog sour cabbage quality is a huge number of satisfied customers both in the European market (France, Netherlands, Germany, Switzerland, Great Britain, and Slovenia) and US market. Main quality of the first-class sour cabbage is fermenting naturally, it has high percentage of minerals, huge elastic leaves with optimum level of sour content. Podunavlje Farmers' Cooperative is currently obtaining geographical origin trade mark for sour cabbage production.



success stories



In the area of vegetable farming, the company “7.JULI” has built a modern greenhouse, which covers the area of 4.3 hectares and represents the largest facility of this kind in the world. The core production is healthy and naturally produced food. Its production capacity is estimated at 2,000 tons of vegetables pre year (tomato, cucumber, green, red, and purple pepper, parsley; celery; potato). This activity will be purely healthy, since the vegetable crops will be planted in the ground (naturally fertilized by using sea-plants).

The company “7.JULI” plans to develop a laboratory for testing in order to assure continuous production of healthy food according to the EU standards. The company intends to expand its operations by establishing another greenhouse, covering the area of 6 hectares, along with eco-warehouse for preserving healthy vegetables produced in the existing greenhouse. The goods will be qualitatively and quantitatively appropriate to the standards of the EU, ecologically packed, and intended for supermarkets both in Serbia and abroad.



Frikom is Serbia's largest manufacturer and distributor of frozen foods – mainly ice cream and frozen vegetables.

Frikom mission is to satisfy consumer needs with production of ice cream and frozen food, and to create powerful and high-quality brand.

Through the privatization program, Croatia's largest privately owned company, the Agrocor Group, acquired 55.5% of Frikom. Given the Serbia preferential export regime with Russia in place, Agrocor will utilize this investment as a launch pad for this rapidly expanding market.

By enriching and expanding domestic market, the organization of export expands too. Today, Frikom is exports 12% of its total production onto the market of neighboring countries (Slovenia, Croatia, FYR Macedonia, Bosnia and Herzegovina) and some developed countries.



Organic Production

Organic food production has a long standing tradition in Serbia. This is especially true in the field of vegetable production. As organic food is considered to be healthier than conventionally grown food with a special importance for customers on the EU market, it is considered to be a field in agriculture with great perspective for growth.

Organic food production in Serbia has been regulated by the Law on Organic Production since 2000. This Law was modified in 2002, harmonizing organic food production in Serbia with EU regulations. The production and development of organic food so far has been a small scale initiative supported by the Directive for Village Development.

Although food is grown organically on a relatively small area (between 15000 and 20000 ha), there is great potential as well as interest among producers and consumers for expanding this type of production. As Serbia is considered to be a country with one of the lowest rate of pesticides utilization in Europe (40 kg per ha), the expansion of organic food production will be easy to achieve.

Most organically grown food is sold fresh, but new opportunities are constantly created to increase the farmer's interest and assist them to process their products. The concept of producing and processing organic food is also constantly being adopted by local companies, like: Sava Kovačević, Vrbas (vegetables), Agroekonomik, Belgrade (fruit production and processing), Navip, Petrovaradin (organic wine), Agroseme Panonija from Subotica (organic seeds), Fidelinka, Subotica (organic pastries), and many others.

Organically grown food is food of high potential for export and it is estimated that 90% of all locally produced organic food is exported. Only smaller quantities are sold on the local market (mostly in Vojvodina) in specialized shops, organized presentations or food fairs.

With a high perspective for the future organic production in Serbia, organically grown food will provide for the preservation of the environment, better recognition of Serbian food internationally and new opportunities for investing in Serbia.



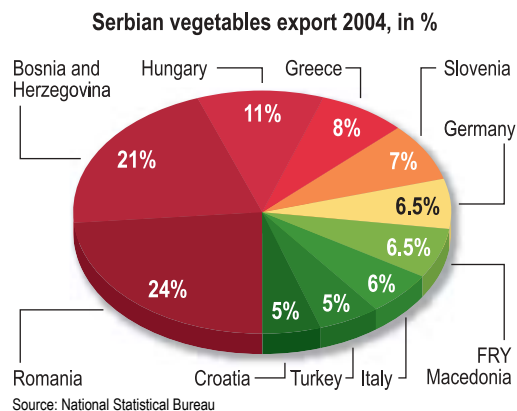
Trade Structure

Before the agricultural reform started, Serbia was a large importer of fresh and processed vegetables with a negative foreign trade trend in this sector. In the year 2004, Serbian statistics registered a slight increase in the export of fresh and processed vegetables. The volume of exports of fresh vegetables has reached 39,709 tons, with the total value of 55 million dollars.

The European Union is number one trade partner for Serbian fresh, frozen and processed vegetables products, as it imports 42% of overall production. At the same time, export to neighboring countries (Bosnia and Herzegovina, Slovenia, Republic of Macedonia and Croatia) accounted for over 35% of total fresh, frozen and processed vegetables export in 2004.

The export of fresh vegetables has grown more than 15% for the past three years to reach 40.820 tones. Over time, pepper and mushrooms have proven to be the most commonly exported fresh vegetables.

In 2004 Serbian vegetable processing manufactures exported over 12.8 million US dollars worth of products. With export of 10 million dollars, preserved vegetable sub-sector (especially production of dried mixed vegetables and spices) takes the leading position in total export of vegetable processing industry.



| Most exported vegetables in 2004 | | |
|----------------------------------|---------------------|----------------|
| Type of vegetable | Quantity (in tones) | Value (in USD) |
| Potatoes | 9,012,318 | 536,057 |
| Peppers | 3,826,144 | 1,067,404 |
| Mushrooms | 1,469,411 | 10,932,620 |
| Onion | 1,336,130 | 239,526 |
| Cabbage | 902,789 | 99,714 |
| Carrots | 874,308 | 52,035 |
| Tomatoes | 739,143 | 111,384 |
| Radish | 525,100 | 40,610 |
| Aubergine | 486,693 | 43,443 |
| Cucumber (pickles) | 320,508 | 80,546 |

Source: National Statistical Bureau

Sustainable Development

Sustainability in agriculture in Serbia can be achieved if three main challenges are met. Economical – production has to be profitable; ecological – natural resources need to be preserved and social – farming systems need to be socially acceptable.

Agribusinesses in Serbia have proposed and started the initiatives towards achieving greater sustainability. The most important issue in this process will be revitalization of mixed farming. Traditionally in Serbia, mixed farming is in the base of rural household's subsistence. It is based on combining crop growing and animal production. Depending on the region, farmers use a combination of farming and animal production (plain region), or farming, fruit production and animal production (hilly region) or grass and animal production (mountainous region). Traditional mixed farming in Serbia holds all the characteristics of modern low-input farming, as well as organic production.

Systems of agricultural production in Serbia provide for sustainable use of resources and offer a possibility to successfully run small-scale agro-industry. Moreover, systems provide a base for meeting the standards of ecological (organic) production that can be certified successfully. Besides quality and diversity of products, agribusiness complexes need modernisation to meet expectations of modern consumers.



Reform of the Agricultural Policy

Background

Agricultural sector in the Serbia has undergone fundamental changes in the last five years. Its basic structure and policies have changed during the transition process. Today, Serbian agriculture sector is becoming competitive, efficient and sustainable.

Reform of the agricultural policy is enclosed in the new Agricultural Development Strategy presented by the Ministry of Agriculture, Forestry and Water Management in December 2004. The new Agricultural Development Strategy presents an integral part of the transition to market economy. This strategy is based on promotion of rural development and restructuring and modernization of the entire agricultural sector in order to enhance the competitiveness of the producers on their way to integration with the EU.

Objectives

The new objectives introduced by this strategy are:

- to develop sustainable and efficient agricultural sector in order to achieve competitiveness on the markets world-wide;
- provide supply of food in accordance with consumer demands regarding food quality and food safety;
- ensuring advancing rural development and environmental protection;
- prepare and adopt current agricultural policy so it can comply with World Trade Organization standards.

The essential element of the reform is that it is a step in the right direction. Step towards market economy, reconstruction and modernization of agricultural sector so that it is capable of integrating in the EU system.

Strategy

This new strategy document is unique in the history of Serbia, since it was made in a participatory process with full participation of representatives of all stakeholders in Serbian agriculture. For the first time Serbian agriculture strategy is not obligatory for farmers in terms of choosing what they should produce, but provides framework for development. The new strategy has an important goal – to raise standards of quality and safety in order to enable Serbian producers of agricultural products to compete on quality as well as price.

New strategy is defining tasks for rural policy which include not just national programming, but also support to regional and rural planning to allow space for making rural development plans more territory related and therefore more efficient. Strategy is supportive of building decentralised structures for rural development and regional cooperation with neighboring countries. New strategy is also highly environmentally sensitive.

Achievements

Serbia's transition is accompanied by major developments in international trade which have significant influence on domestic market. Opening of the domestic market has already resulted in major trade concessions. Regionally, with the free trade agreements in place, more trade can be expected among the neighbouring countries. Serbia's application for membership of the WTO will further accelerate trade liberalization, which will create additional incentives to trade with Serbia.

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Serbia Investment and Export Promotion Agency (SIEPA) is a Government Agency established in 2001 to facilitate and support foreign direct investments and promote Serbian exports.

The list of services that SIEPA provides to foreign investors:

- Analyzing Serbian business environment and providing critical information regarding the process of setting-up a company in Serbia, and the overall climate for doing business;
- Preparing sector analyses and studies that give a thorough overview of the situation in particular sectors of the Serbian economy;
- Providing help in identifying and acquisition of attractive Greenfield and Brownfield sites;
- Assistance in obtaining necessary permits and licenses, thus speeding up the completion of investment projects;
- Helping in finding partners and suppliers among Serbian companies.

Only by effectively networking with public sector bodies, as well as private sector, SIEPA can best respond to the needs of foreign investors. In particular, SIEPA works in close cooperation with the following institutions:

- All government ministries and other governmental bodies,
- Municipal authorities and local self-government,
- Building Directorate of Serbia and Agency for Building Land and Construction of Belgrade,
- Tax and customs authorities,
- Statistical bureaus,
- Chambers of commerce,
- National Bank of Serbia,

and all other institutions related to the process of establishment and successful pursuit of business ventures in Serbia.



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