Supporting sustainable value chain integration in Montenegro’s fruit and vegetable sector

Preliminary findings of sector analysis

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OUTLINE

- Widening trade deficit—unique to Montenegro?
- What are the opportunities?
- Market requirements
- Your thoughts?
Between 2012 and 2017, exports fell by 29%, while imports increased by 78% 
Balance of trade deteriorated from 20% in 2012 to 8% in 2017
Macedonia and Serbia have a trade surplus; however, Macedonia sees a decline in balance of trade

Exports rose faster than imports in Serbia, and Bosnia and Herzegovina
Montenegro: Exports and Imports in 2017

**Exports**
- Fruits: 52%
- Vegetables: 47%
- Processed F&V: 1%
- Frozen fruit (37%)
- Fresh or dried grapes (22%)
- Fresh berries (21%)
- Other (20%)

**Imports**
- Fruits: 44%
- Vegetables: 29%
- Processed F&V: 27%
- Dried vegetables (41%)
- Frozen vegetables (30%)
- Other (29%)
- Fresh tomatoes (25%)
- Other (75%): sweet peppers, potatoes, frozen veg, onion etc.
- Citrus fruits (23%)
- Bananas (22%)
- Apples and pears (15%)
- Other (40%)

5.4 million EUR

67.5 million EUR

Source: MONSTAT
F&V exporting countries to Montenegro, 2017

- 60% F&V is imported from 6 countries

Source: MONSTAT, 2017
Top 6 F&V exporting countries to Montenegro 2017

Serbia: 44%
Albania: 294%
Macedonia: 10%
Italy: 29%
Greece: 195%
Turkey: 211%

Source: MONSTAT, 2017
Key export destinations for Montenegrin F&V

95% F&V is exported to 8 countries

- Serbia: 40%
- Austria: 14%
- Italy: 11%
- B&H: 9%
- CH: 9%
- Cyprus: 6%
- KOS: 3%
- GERM: 3%
- Other countries: 5%

Source: MONSTAT, 2017
F&V Importing Countries: 2017

- Declining market diversification
- Serbia – most important export market
- Steady growth in exports to Austria (mainly dried veg)

Source: MONSTAT
What are the opportunities?

- High value, labour intensive crops, for import substitution and exports
- For northern Montenegro consider:
  - berries
  - tomatoes
  - peppers
  - cucumbers
  - cherries

*Short case studies presented*
Case study: berries
Potential for import substitution and exports

- Strong global demand for berries
  - Global trade in blueberries has grown by 11% annually over the last decade
- Berries are a high value, labour-intensive crops, ideal for small land plots (note that blueberries need low PH soils)
- Strong regional experience (Serbia and BiH are among top 8 producers of raspberries on a global level)
Case study: Berries
Opportunity for import substitution of strawberries

Montenegro: Imports of fresh strawberries

Imports are mainly from Albania, Serbia and Greece

Source: ITC Trade Map
Case study: Berries: Strawberries MNE’s competitiveness?

Strawberry yield (t/ha): 2016

Source: FAOSTAT
Case study: Berries (Raspberries, blackberries) 
Exports from Montenegro are rising

Montenegro: Export of raspberries and blackberries

Frozen berries represent about 10% of total F&V exports from Montenegro

Source: ITC Trade Map
Case study: Berries (Raspberries)
Global production

Global raspberry production (top 8 countries)

- **Russia**: 21%
- **USA**: 17%
- **Poland**: 16%
- **Mexico**: 14%
- **Serbia**: 8%
- **Other countries**: 15%
- **Chile**: 2%
- **BiH**: 3%
- **Ukraine**: 4%

*Source: FAOSTAT*

- Top 8 countries produce 85% of global production
Case study: Berries (Raspberries) Comparison with Bosnia and Herzegovina

BiH: Export of frozen berries and currants

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Source: ITC Trade Map
Case study: Berries (Raspberries)
Comparison with Bosnia and Herzegovina

BiH, 2011-2017: Average farm gate and export prices of raspberries (EUR/kg)

Source: USAID/Sweden II project, Bosnia and Herzegovina
Case study: Tomato

Montenegro: Tomato production and trade: 2016

- Domestic production does not meet the demand

Source: MONSTAT
Case study: Tomato imports

**Montenegro: Tomato imports**

- Local demand is met by rising imports (Albania and Serbia dominate)

Source: MONSTAT
Case study: Tomato production

**yield (t/ha): 2016**

- **Turkey**: 70 t/ha
- **Italy**: 60 t/ha
- **Greece**: 55 t/ha
- **Albania**: 40 t/ha
- **Montenegro**: 9 t/ha (red bar)
- **Macedonia**: 30 t/ha
- **BiH**: 15 t/ha
- **Serbia**: 10 t/ha

Source: FAOSTAT and MONSTAT for MNE

- Productivity needs to increase to be competitive
Market requirements

- **Food safety: Standards and certification**
  - Consumers want food that is nutritious and **high quality, linked to territory** GlobalGAP is a requirements to access EU markets
  - **Traceability**
  - **HACCP** is required for processing

- **Price competitiveness** – requires increase in productivity

- **Quality** **Organic? Labels Gis** (EU demands Extra class products)

- **Local sourcing**: quantity and reliability of supply – **The need for aggregation**

- Packaging and marketing
How can the project help?

Your thoughts?