

POLICY BRIEF

December 2019

Why has Serbia lost leadership in raspberry production?

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The H2020 SUFISA PROJECT shed light on main problems in raspberry sector in Serbia (The Region of Sumadija and Western Serbia).

Two main problems took a lot of attention: the unfavourable structure of the farms and the high, unpredictable price volatility influenced both by market and chain structure. Serbian raspberry farms are small, usually organized as a seasonal family business. The average area of the raspberry farms is between 0.5 and 1 ha, making it difficult to take advantage of the economies of scale and the production costs are usually high (the open air production without irrigation dominates). Price volatility is caused by uncertainty and unpredictability, discouraging investments in production, storage and processing. The extremely strong market position of buyers / distributors in the sector is also evident. The strong support programs for the procurement and construction of cold storages, as well as for establishment of new forms of cooperatives, are highly recommended, so that primary producers can reach more flexible market position.

The main results presented in the policy brief relay on interviews with experts, focus groups discussions and workshops with stakeholders conducted between May 2016 and September 2018. Further details are available from the Faculty of Economics website: <http://www.ekof.bg.ac.rs>, as well as the main project website: <http://www.sufisa.eu/>.

Key messages

- *The main challenges* are connected with declining sector competitiveness (as the consequence of prevailing traditional family farming practices), extremely low share of fresh or processed products in raspberry sector export as well as less quality controlled import of raspberries from the region.
- The import of infected planting material and *excessive and uncontrolled use of chemicals* in farmers' practices are identified as crucial problems. Producers have right to be educated and protected against input lobby groups. Furthermore, knowledge transfer based on use of IT is highly recommended.



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This policy brief is the result of research conducted as part of the EC-funded SUFISA project (Sustainable finance for sustainable agriculture and fisheries), H2020 Grant Agreement 635577. Responsibility for the information and views set out in this report lies entirely with the authors.



- *BIG DATA systems* are of crucial importance. It should be easily reachable for the average farmer. For example, info about chemicals (how much and when should be used to minimize negative environmental impact and maximize profit) can influence decrease in costs, both in farming and public health system.
- The sector has faced with *huge impact of climate change* (e.g. extremely droughts or high humidity from year to year). Development of the state or local community meteo-stations connected with big data use can help to avoid unnecessary weather risks (heavy rains with hail), support of investments in irrigation. Introducing of innovative insurance schemes and creation of the reinsurance system are also alternatives.
- *The effective and efficient price control* is still missing. Public warehousing (warehouse receipt model), establishment of microfinance institutions (particularly important for small businesses), designing of the specific farms credit arrangement (banks should be supported to create the specific contracts for agricultural producers such as landing based on warehouse receipts etc.) can force further financial system development with the aim to help modernization of family owned raspberry sector. In the long-term run, innovative financial instruments can also play an important role.
- The factor largely contributing losing of raspberry sector competitiveness is *a great primary sector dependence only on a few export companies*, combined with lack of producers' organizations. The research advocates for long term contracting with processors, traders and exporters (particular attention should be paid to strong domestic juice industry, frozen fruit industry, confectionary etc.).
- Development of *advanced labelling strategies* such as PDO/PDI or organic production, and creation of unions of small family owners of production and cold storages capacities can further facilitate sector improvements. However, there is also a strong necessity *to shift sales from frozen to fresh raspberries*. Based on different experts opinion import and planting of new varieties, particularly those varieties most appropriate for the fresh markets in Europe, is a key element of the future strategy for the sector.
- Finally, producers are strongly complaining about *inconsistency*. The efficient long-term planning should lead to clear indications about the sector priorities in the next 30 years. It is particularly important in the context of efficient use of additional resources such as subsidies (national or local).

“Sustainability means sustainable for all stakeholders in the chain, from farmers to cold storages and exporters. For me it means that I can earn profit (in long-run).”

(Manufacturer
/Trader)

The extended summary is available at

https://www.sufisa.eu/wp-content/uploads/2018/09/D_2.2-Serbia-Summary-raspberry.pdf
